SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended January 29, 2000 (Fiscal 2000)
Commission File Number 0-15898

DESIGNS, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-2623104
(State or other jurisdiction of incorporation of principal executive offices)	(IRS Employer Identification No.)
66 B Street, Needham, MA	02494
(Address of principal executive offices)	(Zip Code)

(781) 444-7222
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.01 par value
Preferred Stock Purchase Rights
(Title of each Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. |X|

The aggregate market value of the voting stock of the registrant held by non-affiliates of the registrant, based on the last sales price of such stock on April 18, 2000 was approximately $14.7 million.

The registrant had 16,441,251 shares of Common Stock, $0.01 par value, outstanding as of April 18, 2000.

continued

DOCUMENTS INCORPORATED BY REFERENCE

Form 10-K Requirement		Incorporated Document
Part III		
Item 10	Directors and Executive Officers	All information under the caption "Nominees for Director and Executive Officers" in the Company's definitive Proxy Statement which is expected to be filed within 120 days of the end of the fiscal year ended January 29, 2000.
Item 11	Executive Compensation	All information under the caption "Executive Compensation" in the Company's definitive Proxy Statement which is expected to be filed within 120 days of the end of the fiscal year ended January 29, 2000.
Item 12	Security Ownership of Certain Beneficial Owners	All information under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Company's definitive Proxy Statement which is expected to be filed within 120 days of the end of the fiscal year ended January 29, 2000.
Item 13	Certain Relationships and Related Transactions	All information under the caption "Certain Relationships and Related Transactions" in the Company's definitive Proxy Statement which is expected to be filed within 120 days of the end of the fiscal year ended January 29, 2000.

DESIGNS, INC.

Index to Annual Report on Form 10-K
Year Ended January 29, 2000

PART I.

Item 1. Business

Summary

Designs, Inc. (the "Company") is an Outlet retailer based in the United States selling quality branded apparel and accessories. The Company markets a broad selection of Levi Strauss & Co. brand merchandise through outlet stores under the names "Levi's(R)/Dockers(R) Outlet By Designs," "Levi's(R) Outlet By Designs" and "Dockers(R) Outlet by Designs." The Company uses certain Levi Strauss & Co. trademarks pursuant to a trademark license agreement with Levi Strauss & Co.

In fiscal year 2000, the Company continued to re-align its store portfolio and overhead structure to narrow its business to one focused solely on the profitable Outlet segment including the Levi's(R) and Dockers(R) Outlet stores. As part of this re-alignment to an outlet based business, the Company closed its five remaining Boston Trading Co. (TM)/BTC(TM) mall stores and its five Buffalo(R) Jeans Factory stores during the fourth quarter of fiscal 2000.

These strategic actions return Designs, Inc. to its core competency as a single branded outlet operator, with all of its 103 stores devoted exclusively to selling Levi Strauss & Co. brands of apparel and accessories.

As used throughout this report on Form 10-K, the terms fiscal 2000, 1999 and 1998 refer to the Company's twelve month periods ending January 29, 2000, January 30, 1999 and January 31, 1998, respectively.

Store Formats

The Company's Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores are located in outlet centers and are located primarily in the eastern part of the United States. These stores sell manufacturing overruns, merchandise specifically manufactured for the outlet stores, discontinued lines and irregulars purchased directly from Levi Strauss & Co. and its licensees.

Many of the manufacturers' outlet centers in which these stores are located have matured, resulting in limited increases in customer traffic. The combination of this maturing of the Levi's(R) and Dockers(R) Outlet by Designs store base, increased competition, and a limited availability of Levi's(R) and Dockers(R) product resulted in less then expected comparable store performance in the past three fiscal years. The Company initiated strategies to overcome this such as closing unprofitable stores and re-negotiating existing leases.

Management believes that the Company competes with other apparel retailers by offering superior selection, quality merchandise, knowledgeable in-store service and competitive price points. The Company stresses product training with its sales staff and, with the assistance of Levi Strauss & Co. merchandise materials, provides its sales personnel with substantial product knowledge training across all product lines.

The following table provides a summary of the number of stores in operation at year end for the past three fiscal years. Levi Strauss & Co. approves all new outlet store locations which carry Levi Strauss & Co. brands and use any trademark owned by Levi Strauss & Co.

	(Fiscal 2000) January 29, 2000	(Fiscal 1999) January 30, 1999	(Fiscal 1998) January 31, 1998
Levi's(R)/Dockers(R) Outlet by Designs	65	59	59
Levi's(R) Outlet previously operated by the Joint Venture (1)	11	11	--
Levi's(R) Outlet stores acquired (2)	9	9	--
Dockers(R) Outlet stores acquired (2)	18	16	--
Buffalo Jeans(R) Factory Outlets (3)	--	5	
Boston Trading Co.(R)(3)	--	3	11
Designs/BTC(TM)(3)	--	6	22
Boston Traders(R) Outlet stores (3)	--	4	12
Joint Venture: (1)			
Original Levi's Stores(R)	--	--	11
Levi's(R) Outlets	--	--	11
Sub-total	103	113	126

(1) In Fiscal 1999, the Company and Levi Strauss & Co. agreed to dissolve and wind up the Joint Venture between subsidiaries of the two companies. As part of the dissolution process, on October 31, 1998, the Joint Venture distributed 11 Levi's(R) Outlet stores to the Company and three Original Levi's Stores(R) to Levi's Only Stores, Inc., a wholly-owned subsidiary of Levi Strauss & Co. The remaining eight Original Levi's Stores(R) were closed by the end of fiscal 1999.

(2) On September 30, 1998, the Company acquired from Levi's Only Stores, Inc. 16 Dockers(R) Outlet stores and nine Levi's(R) Outlet stores for approximately $9.7 million.

(3) In fiscal 2000, the Company closed, as part of the Company's store closing programs, its remaining Designs/BTC(TM) stores, Boston Traders(R) outlet stores, Boston Trading Co.(R) stores and its five Buffalo Jeans(R) Factory stores. In Fiscal 1999, the Company closed 37 stores as part of the Company's store closing programs. In fiscal 1998, the Company closed 16 Designs stores and 15 Boston Traders(R) outlet stores.

On January 28, 1995, Designs JV Corp., a wholly-owned subsidiary of the Company, and a subsidiary of Levi's Only Stores Inc. ("LOS"), a wholly-owned subsidiary of Levi Strauss & Co., entered into a partnership agreement (the "Partnership Agreement") to sell Levi's(R) brand jeans and jeans-related products. The joint venture that was established by the Partnership Agreement is known as The Designs/OLS Partnership (the "OLS Partnership"). In the third quarter of fiscal 1999, the Company and Levi Strauss & Co. agreed to dissolve and wind up the joint venture between subsidiaries of the two companies. As part of the dissolution process, on October 31, 1998, the OLS Partnership distributed 11 Levi's(R) Outlet stores to the Company with a net book value of approximately $6.4 million. In addition, the OLS Partnership distributed to LOS three Original Levi's Stores(R) located in New York City and Boston, Massachusetts with a net book value of $5.5 million. The remaining eight Original Levi's Stores(R) owned by the OLS Partnership were closed during the fourth quarter of fiscal 1999.

The Company's present plans for expansion in fiscal 2001 include opening 5 new Levi's(R)/Dockers(R) Outlet by Designs stores, one of which will be located in Puerto Rico, and remodeling 11 existing Levi's(R) Outlet by Designs stores. During fiscal 2000, the Company initiated a program to remodel or replace its 59 oldest Levi's(R) Outlet by Designs stores to the Company's new store format, which is a combined Dockers(R) Outlet store and Levi's(R) Outlet store that separately displays each brand in its own unique environment. Six of these 59 stores were remodeled or relocated in fiscal 2000. The Company plans, barring unforeseen circumstances, to continue to move, remodel or replace the remaining 50 stores over the next four years.

In fiscal 2001, capital expenditures related to these new and remodeled stores are expected, barring unforeseen circumstances, to total approximately $5.6 million. The Company continually evaluates the performance of all of its stores and may, from time to time, decide to close or reduce the size of certain store locations.

Customer Base

The Company believes that its customer base primarily reflects that of the Levi's(R) and Dockers(R) brand customer. These stores also continue to attract foreign travelers shopping for Levi's(R), Dockers(R) and Slates(R) brand apparel and accessories. The Company's product selection offered is designed to satisfy the casual apparel needs of customers in all age groups and income brackets.

Merchandising and Distribution

The Company offers a selection of Levi Strauss & Co. brands of merchandise including manufacturing overruns, merchandise specifically manufactured for the outlets, discontinued lines and irregulars purchased by the Company directly from Levi Strauss & Co. and its licensees. By its nature, this merchandise is subject to limited availability. The Company continues to evaluate and, within the discretion of management, act upon opportunities to purchase substantial quantities of Levi's(R), Dockers(R) and Slates(R) brand merchandise offered to the Company by Levi Strauss & Co.

All merchandising decisions, including pricing, markdowns, advertising and promotional campaigns, inventory purchases and merchandise allocations, are made centrally at the Company's headquarters with input from field operations personnel.

Trademarks

"Dockers(R),""Levi's(R)" and "Slates(R)" are registered trademarks of Levi Strauss & Co. Buffalo Jeans(R) is a registered trademark of Buffalo DeFrance.

The Company is the owner of the "Boston Traders(R)" and "Traders Collection(R)" trademarks and certain other trademarks acquired as part of the acquisition of certain assets of Boston Trading Ltd., Inc. The Company abandoned these trademarks in fiscal 2000 and, accordingly, the Company has recorded an impairment charge of $2.4 million related to the writeoff of these trademarks. See Item 3-Legal Proceedings and Management's Discussion and Analysis "Fiscal 2000 Restructuring and Non-Recurring Charges."

Store Operations

The Company currently employs one Vice President and Director of Store Operations who reports directly to the Senior Vice President of Merchandising of the Company. Two regional managers, who report to the Vice President and Director of Store Operations, are responsible for the operations and profitability of stores within specific geographic regions.

In order to provide management development and guidance to individual store managers, the Company employs approximately 15 district managers. Each district manager is responsible for hiring and developing store managers at the stores assigned to that manager's area and for the sales and overall profitability of those stores. District managers report directly to a regional manager.

Levi's(R)/Dockers(R) Outlet by Designs stores are located in manufacturers' outlet centers and average approximately 12,000 square feet in size. The average square footage of the Dockers(R) Outlets and Levi's(R) Outlet stores is approximately 5,200 square feet.

The Company's stores utilize interior design and merchandise layout plans designed by the Company's visual merchandising team, which are specifically designed to promote customer identification as a specialty store selling quality branded apparel and accessories. The merchandise layout is further customized by store management and the Company's visual merchandising department to suit each particular store location. The stores prominently display Levi's(R), Dockers(R) and Slates(R) brand logos and utilize distinctive promotional displays. The Company uses Levi Strauss & Co. logos and trademarks on store signs with the permission of Levi Strauss & Co.

Customer Service & Training

"Designs University" was established in fiscal 1996 to implement associate training and development programs throughout the organization. The Company's Operational Support and Development team is responsible for developing and teaching creative programs that will enhance associate performance.

Sales associate expectations are established at all levels of training, beginning with the Sales Associate Development Program. This program introduces the associate to the Company's operational policies, product information and customer service objectives. Through this program, associates are taught that servicing the customer is the highest priority. Management believes that sales associates are trained towards accomplishing the goal of reinforcing the customer's perception of the Company's stores as branded specialty stores and of differentiating its stores from those of the Company's competitors.

All members of store management participate in the Store Management Development Program. Associates learn how to perform critical management functions required to successfully operate a store. The Store Management Development Program focuses on fundamental operational procedures, expense control and personnel management.

Each Levi's(R) and Dockers(R) Outlet by Designs store employs approximately 20 associates. Store staffing typically includes a store manager, one or more assistant managers and shift supervisors, and a team of full-time and part-time sales associates. Store manager candidates or assistant manager candidates may also be included on the team in specific stores. The store management team is responsible for all operational matters in the store, including the hiring and training of sales associates.

Information Systems

Management Information Systems is an extremely important factor in the day-to-day operation and continued growth of the Company. Significant resources were spent last year to ensure that all systems were ready to support the Year 2000. Because of this investment, the Company entered the Year 2000 with no issues in any of our information systems. All merchandise and financial functions were completely successful. During fiscal 2000, the Company installed a new point of sale system that was designed to be Year 2000 compliant and offer new functionality. Point of sale data, in conjunction with a full complement of EDI transactions handling invoicing, advance shipment notices, and purchase orders, are the primary sources of data input for the JDA Merchandise Management package. The JDA software is designed to enhance the analytical capabilities of the Company's merchandise and financial functions and to provide an integrated business approach.

During fiscal 2000, the Company also started revamping its processing center receiving and shipping processes through the installation of radio frequency terminals and online systems. Implementations of enhancements to the Point of Sale system and processing centers expect to be continued throughout the Fiscal 2001.

Advertising

The Company relies on the visibility and recognition of the Levi's(R) and Dockers(R) brand names, as well as the natural flow of traffic that results from locating stores in areas of high retail activity including destination outlet centers and regional malls. The Company's Trademark License Agreement with Levi Strauss & Co. limits the Company's ability to advertise to billboards and specific outlet center promotions.

Competition

The United States casual apparel market is highly competitive with many national and regional department stores, specialty apparel retailers and discount stores offering a broad range of apparel products similar to those sold by the Company. The Company considers any casual apparel manufacturer operating in outlet parks throughout the United States competitors in the casual apparel market.

A majority of the Company's business involves the sale of branded apparel and accessories sold by or manufactured under license from Levi Strauss & Co. Levi Strauss & Co. is involved in the highly competitive fashion apparel industry. Levi's(R)

brand jeans have been impacted by the increased competition from private label as well as fashion jeans market entrants, plus national sales trends of Levi's(R) brand products.

Employees

As of January 29, 2000, the Company employed approximately 2,275 associates, of whom 655 were full-time personnel. The Company hires additional temporary employees during the peak late summer and holiday seasons.

All qualified full-time employees are entitled, when eligible, to life, medical, disability and dental insurance and to participate in the Company's 401(k) retirement savings plan. Store managers, district managers, regional managers and corporate office employees are eligible to receive incentive compensation subject to the achievement of specific performance objectives related to sales, profitability and expense control. Vice Presidents, regional managers and district managers are also entitled to use an automobile provided by the Company or to receive an automobile allowance. Sales personnel are compensated on an hourly basis and, generally, receive no commissions; but from time to time are eligible to earn sales incentive payments from individual store sales contests. Regional and district managers, store managers and certain corporate office employees have been granted stock options. None of the Company's employees are represented by any collective bargaining agreement.

Item 2. Properties

As of January 29, 2000, the Company operated 103 Levi's(R) Outlet and Dockers(R) Outlet by Designs stores. All of these stores are leased by the Company directly from outlet center owners. The store leases are generally five years in length and contain renewal options extending their terms to between 10 and 15 years. Most of the Company's outlet store leases provide for annual rent based on a percentage of store sales, subject to guaranteed minimum amounts.

Sites for store expansion are selected on the basis of several factors intended to maximize the exposure of each store to the Company's target customers. These factors include the demographic profile of the area in which the site is located, the types of stores and other retailers in the area, the location of the store within the mall and the attractiveness of the store layout. The Company also utilizes financial models to project the profitability of each location using assumptions such as the center's sales per square foot averages, estimated occupancy costs and return on investment requirements. The Company believes that its selection of locations enables the Company's stores to attract customers from the general shopping traffic and to generate its own customers from surrounding areas.

The lease for the Company's headquarters office, which began in November 1995, is for a period of ten years. The lease provides for the Company to pay all occupancy costs associated with the land and the 80,000 square foot building. The Company entered into an agreement, effective April 1, 1998, to sublease approximately 15,000 square feet to a sublessee for a term of five to eight years. The Company also entered into a second agreement effective July 1, 1998 to sublease an additional 15,300 square feet to a sublessee for a term of five to seven years.

Currently, the Company leases a warehouse facility in Orlando, Florida to process approximately a million units of merchandise. The lease expires in November 2000 and has two two-year options to extend. The Company also utilizes a third party distribution center in Mansfield, Massachusetts.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Capital Expenditures."

Item 3. Legal Proceedings

The Company is a party to litigation and claims arising in the course of its business. Management does not expect the results of these actions to have a material adverse effect on the Company's business or financial condition.

In January 1998 Atlantic Harbor, Inc. filed a lawsuit against the Company for failing to pay the outstanding principal amount of the Purchase Note. In March 1998, the Company filed a counterclaim against Atlantic Harbor, Inc. alleging that the Company was damaged in excess of $1 million because of the breach of certain representations and warranties made by Atlantic Harbor, Inc. and its stockholders concerning the existence and condition of certain foreign trademark registrations and license agreements. Barring unforeseen circumstances, management of the Company does not believe that the result of this litigation will have a material adverse effect on the Company's business or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II.

Item 5. Market for the Registrant's Common Equity and Related Shareholder Matters

The Company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol "DESI."

The following table sets forth, for the periods indicated, the high and low per share sales prices for the common stock, as reported on the Nasdaq consolidated reporting system.

Fiscal Year Ending January 29, 2000	High	Low
First Quarter	2 25/32	1 27/32
Second Quarter	2 9/16	1 3/8
Third Quarter	1 13/16	1 5/32
Fourth Quarter	1 23/32	1 3/16

Fiscal Year Ending January 30, 1999	High	Low
First Quarter	2 3/4	1 7/8
Second Quarter	2 1/8	1 1/8
Third Quarter	2 1/32	1 11/32
Fourth Quarter	2 13/16	5/8

As of April 18, 2000, based upon data provided by independent shareholder communication services and the transfer agent for the common stock, there were approximately 340 holders of record of common stock and 4,100 beneficial holders of common stock.

The Company has not paid and does not anticipate paying cash dividends on its Common Stock. For a description of financial covenants in the Company's loan agreement that may restrict dividend payments, see Note C of Notes to Consolidated Financial Statements.

Item 6. Selected Financial Data

	Fiscal Years Ended (1)				
	January 29, 2000 (Fiscal 2000)	January 30, 1999 (Fiscal 1999)	January 31, 1998 (Fiscal 1998)	February 1, 1997 (Fiscal 1997)	February 3, 1996 (Fiscal 1996)
	(IN THOUSANDS, EXCEPT PER SHARE AND OPERATING DATA)				
INCOME STATEMENT DATA:					
Sales	$ 192,192	$ 201,634	$ 265,726	$ 289,593	$ 301,074
Gross profit, net of occupancy costs	47,440(2)	42,249(3)	38,358(4)	86,229	89,085
Pre-tax income (loss)	(10,278)(2)	(29,269)(3)	(46,562)(4)	10,364	16,515(5)
Net Income (loss)	(12,493)	(18,541)	(29,063)	6,264	9,773
Earnings (loss) per share - basic	$ (0.78)	$ (1.17)	$ (1.86)	$ 0.40	$ 0.62
Earnings (loss) per share - diluted	$ (0.78)	$ (1.17)	$ (1.86)	$ 0.40	$ 0.61
Weighted average shares outstanding for earnings per share - basic	16,088	15,810	15,649	15,755	15,770
Weighted average shares outstanding for earnings per share - diluted	16,088	15,810	15,649	15,833	15,898
BALANCE SHEET DATA:					
Working capital	$ 19,624	$ 24,078	$ 42,104	$ 72,320	$ 64,557
Inventories	57,022	57,925	54,972	79,958	58,008
Property and equipment, net	16,737	17,788	35,307	39,216	36,083
Total assets	95,077	99,317	116,399	141,760	132,649
Shareholders' equity	52,269	63,956	82,380	111,045	106,085
OPERATING DATA:					
Net sales per square foot	$ 190	$ 187	$ 220	$ 234	$ 265
Number of stores open at fiscal year end	103	113	125	150	157

(1) The Company's fiscal year is a 52 or 53 week period ending on the Saturday closest to January 31. The fiscal year ended February 3, 1996 covered 53 weeks.

(2) Pre-tax loss for fiscal 2000, includes the $15.2 million charge taken in the fourth quarter related to inventory markdowns, the abandonment of the Company's Boston Traders(R) trademark, severance, and the closure of the Company's 5 remaining Designs/BTC(TM) stores and its five Buffalo(R) Jeans Factory stores. Of the $15.2 million charge, $7.8 million, or 4.1% of sales, is reflected in gross margin. The pre-tax loss for fiscal 2000 also includes $717,000 of non-recurring income related to excess reserves from the fiscal 1999 restructuring program. The Company also incurred approximately $3 million in costs related to the Company's recent proxy solicitation and change in control. These costs are included in Selling, general and administrative expenses for fiscal 2000.

(3) Pre-tax loss for fiscal 1999 includes the $13.4 million charge taken in the third quarter related to closing 30 unprofitable stores. Also included in the pretax loss for fiscal 1999 is the $5.2 million charge related to the closing of one Designs store, three BTC(TM) stores and four Boston Traders(R) outlet stores, all eight of which were closed in fiscal 2000. Of the $5.2 million charge, $800,000, or 0.4% of sales, in reflected in gross margin. In addition, the Company recognized $2.9 million in restructuring income in the fourth quarter which was the result of favorable lease negotiations associated with the original estimated $13.4 million charge.

(4) Pre-tax loss for fiscal 1998 includes the $20 million charge taken in the second quarter related to the Company's strategy shift and the fourth quarter charge of $1.6 million for the Company's reduction in work force. Of the $20 million charge, $13.9 million or 5.2% of sales, is reflected in gross margin

(5) Includes $2.2 million of non-recurring income related to the fiscal 1994 restructuring program recognized in fiscal year 1996.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following table provides a five-year history of the total sales results of the Company, together with a summary of the number of stores in operation and the change in the Company's comparable store sales. "Changes in comparable store sales" measures the percentage change in sales in comparable stores, which are those stores open for at least one full fiscal year.

	FISCAL YEARS ENDED (1)				
	Jan. 29, 2000 (Fiscal 2000)	Jan. 30, 1999 (Fiscal 1999)	Jan. 31, 1998 (Fiscal 1998)	Feb. 1, 1997 (Fiscal 1997)	Feb. 3, 1996 (Fiscal 1996)
Total Sales (In Thousands)	$ 192,192	$ 201,634	$ 265,726	$ 289,593	$ 301,074
Number of stores in operation at end of the fiscal year:					
Store Type					
Designs and BTC(TM)	--	9	22	44	49
Levi's(R) Outlet and Dockers(R) Outlet by Designs(2)	103	95	59	58	58
Buffalo Jeans(R) Factory Outlets	--	5	--	--	--
Boston Trading Co.(R)	--	--	11		
Boston Traders(R) outlets	--	4	12	27	35
Joint Venture:					
Original Levi's Stores(TM)(2)	--	--	11	11	11
Levi's(R) Outlet stores (2)	--	--	11	10	4
Total stores	103	113	126	150	157
Comparable stores	87	80	112	142	97
Changes in total sales	(5%)	(24%)	(8%)	(4%)	13%
Changes in comparable store sales	(1%)	(18%)	(10%)	(5%)	1%

(1) The Company's fiscal year is a 52 or 53 week period ending on the Saturday closest to January 31. The fiscal year ended February 3, 1996 covered 53 weeks. Comparable store sales for fiscal 1997 were based upon 52-week comparisons.

(2) During the third quarter of fiscal 1999, the Company and Levi Strauss & Co. agreed to dissolve and wind up the Joint Venture between subsidiaries of the two companies. As part of the dissolution process, on October 31, 1998, the Joint Venture distributed 11 Levi's(R) Outlet stores to the Company and three Original Levi's Stores(TM) to Levi's Only Stores, Inc., a wholly-owned subsidiary of Levi Strauss & Co. The remaining 8 Original Levi's Stores(R) owned by the Joint Venture were closed by the end of fiscal 1999. On September 30, 1998, the Company acquired from Levi's Only Stores, Inc. 16 Dockers(R) Outlet stores and 9 Levi's(R) Outlet stores.

RESULTS OF OPERATIONS

RECENT DEVELOPMENTS

Changes in Directors and Executive Officers

At the Company's Annual Meeting of Stockholders which was held on October 4, 1999, the stockholders voted to elect a new slate of directors supported by Jewelcor Management, Inc., consisting of John J. Schultz, Robert L. Patron, Jeremiah P. Murphy, Jr., Joseph Pennacchio and Jesse H. Choper. On October 29, 1999, the Board of Directors appointed George Porter, formerly President of Levi's USA, a division of Levi Strauss & Co., and James Mitarotonda, Chief Executive Officer and founder of Barington Capital Group, as Directors of the Company, thereby increasing the size of the Board of Directors to seven members.

On October 20, 1999, the Company announced that Joel H. Reichman, the Company's President and Chief Executive Officer, resigned and that John J. Schultz, a newly elected member of the Board, would assume the responsibilities of Chief Executive Officer on an interim basis. On April 10, 2000, the Company announced the appointment of David A. Levin as President and Chief Executive Officer.

On April 10, 2000, the Company announced the resignation of James Mitarotonda as a Director of the Company and the appointment of Seymour Holtzman, who was subsequently made Chairman of the Board on April 11, 2000, to fill the resulting vacancy on the Board. In addition, on April 11, 2000, the Board of Directors appointed David A. Levin and Stanley Berger, one of the original founders of the Company, as Directors of the Company, increasing the size of the Board of Directors to nine members.

Shareholders Rights Agreement

On October 29, 1999, the Board of Directors of the Company unanimously voted to implement the recommendation of the Company's shareholders to terminate the Company's Shareholders Rights Agreement dated May 1, 1995 between the Company and its transfer agent, Boston EquiServe. The costs to redeem these rights were approximately $180,000 and are included in selling, general and administrative expenses in the Consolidated Statement of Operations for fiscal 2000.

Relationship with Levi Strauss & Co.

On October 25, 1999, Levi Strauss & Co. notified the Company that it believed that the recent change in the membership of the Company's Board of Directors and senior management triggered its right to declare a breach under its trademark license agreement (as amended, the "Outlet License Agreement"). This Agreement authorizes the Company to use certain Levi Strauss & Co. trademarks in connection with the operation of the Company's Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores. On March 22, 2000, Levi Strauss & Co. informed the Company that it had waived any rights it may have had to terminate the Outlet License Agreement arising from any transfer of control that might be deemed to have occurred. Also on March 22, 2000, Levi Strauss & Co. amended the Outlet License Agreement for certain Change in Control provisions under Section 19 of the agreement.

Fiscal 2000 Restructuring and Impairment Charges

During the fourth quarter of fiscal 2000, the Company recorded a pre-tax charge of $15.2 million, or $0.59 per share after tax, related to inventory markdowns, the abandonment of the Company's Boston Traders(R) and related trademarks, severance, and the closure of the Company's five Buffalo Jeans(R) Factory Stores and its five remaining Designs stores. Of the $15.2 million charge, $7.8 million relating to inventory markdowns was reflected in gross margin in fiscal 2000. This pre-tax charge of $15.2 million included cash costs of approximately $3.6 million related to lease terminations and corporate and store severance, and approximately $11.6 million of non-cash costs related to inventory markdowns and the impairment of trademarks and store assets. Based on management's review of the Company's remaining Levi's(R) and Dockers(R) Outlet by Designs stores, no additional store closing reserves were needed at January 29, 2000. At January 29, 2000, the remaining reserve balance related to this $15.2 million charge was $6.7 million, which primarily related to landlord settlements, severance and markdowns. Of the $6.7 million reserved at yearend, $3.4 million, relating to markdowns, was included as a reduction of inventory on the consolidated balance sheet.

As a result of the above charges, the Company recorded a net operating loss for fiscal 2000. Because of an additional year of net operating losses, the Company recorded a further write-down of tax assets of $6.0 million or $0.37 per share after tax attributable to the potential that certain deferred federal and state tax assets may not be realizable.

The combined earnings and cash flow benefits of this charge are estimated to be $2.2 million and $1.2 million, respectively, for both fiscal 2001 and 2002.

SALES

Sales for fiscal 2000 were $192.2 million, a decrease of 5%, compared with fiscal 1999 sales of $201.6 million. Sales for fiscal 1999 decreased 24% to $201.6 million from $265.7 million in fiscal 1998. The decrease in sales in fiscal 2000 was due to a 1% decrease in comparable store sales and 23 store closings in fiscal 2000 and 37 store closings in fiscal 1999. This decrease was partially offset by sales from new stores of $32.6 million. The decrease in sales in fiscal 1999 was due to store closings and an 18% decrease in comparable store sales partially offset by sales from new stores that were opened during fiscal 1999. Comparable store sales decreases in fiscal 2000 and 1999 were due primarily to lower sales in men's Levi's(R) brand jeans and tops associated with limited availability and reduced demand for Levi's(R) brand product. These sales decreases were partially offset by increased sales of women's Levi's(R) brand jeans and men's and women's Dockers(R) brand apparel.

GROSS MARGIN

Set forth below are gross margin dollars and gross margin rates as a percentage of total sales, which includes occupancy costs, for the fiscal years 2000, 1999 and 1998.

(in thousands)	Fiscal 2000 Dollars	Fiscal 2000 Percentage of sales	Fiscal 1999 Dollars	Fiscal 1999 Percentage of sales	Fiscal 1998 Dollars	Fiscal 1998 Percentage of sales
Merchandise margin	$ 80,168	41.7%	$ 76,876	38.1%	$ 92,508	34.8%
Markdown reserves	(7,847)	(4.1%)	(800)	(0.4%)	(13,900)	(5.2%)
Occupancy costs	(24,881)	(12.9%)	(33,827)	(16.8%)	(40,250)	(15.2%)
Gross margin	$ 47,440	24.7%	$ 42,249	20.9%	$ 38,358	14.4%

The improved merchandise margin in fiscal 2000 as compared to fiscal 1999 is due to the shift in the Company's store portfolio away from lower margin mall-based stores towards the traditionally higher margin outlet store operations and approximately a $558,000 benefit from LIFO. Included in gross margin for fiscal 2000 is approximately $7.8 million for markdowns related to reserves established for aged and excess Outlet store inventory and liquidation markdowns associated with the ten stores closed in the fourth quarter of fiscal 2000, which were discussed above. Based on the recent changes in the Company and its shift to an exclusively outlet business, the Company changed its current markdown strategy in the fourth quarter of fiscal 2000 in an effort to improve inventory turnover and significantly reduce the amount of aged merchandise on hand. Included in gross margin for fiscal 1999 is approximately $800,000 of markdowns related to store closings in fiscal 1999, discussed below under "Fiscal 1999 Restructuring."

The improvement in merchandise margin in fiscal 1999 as compared to fiscal 1998 was due to the start of the shift away from the lower margin mall-based stores. In fiscal 1998 the Company also recorded approximately $5.6 million related to adjustments for inventory shrinkage and reserves against pending resolution of vendor discussions regarding proof of delivery of certain goods. Also included in gross margin for fiscal 1998 is approximately $13.9 for markdowns and fabric cancellation costs related to Boston Traders(R) brand merchandise which was included in the second quarter charge for the termination of the Company's private label product development program, discussed below under "Fiscal 1998 Restructuring."

Occupancy costs as a percentage of sales decreased in fiscal 2000 as compared to fiscal 1999 and 1998, as a direct result of the Company's shift to an all outlet store portfolio. The Company's outlet store format has a lower occupancy cost structure as compared to the mall-based and urban store formats that existed in the prior year.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses as a percentage of sales were 22.6% or $43.4 million in fiscal 2000, 23.8% or $48.0 million in fiscal 1999 and 24.6% or $65.3 million in fiscal 1998. The decrease in selling, general and administrative expenses as a percentage of sales in fiscal 1999 was due to reduced store payroll expense from lower staffing in response to sales decreases. Also contributing to this decrease was a series of expense reduction actions undertaken in fiscal 1998 and fiscal 1999 that are still ongoing. Selling, general and administrative expenses for fiscal 2000 include approximately $3.0 million, or $0.12 per share after tax, in expenses associated with the recent annual stockholders meeting and proxy solicitation. These expenses consisted of the Company's proxy expenses, expenses reimbursed to Jewelcor Management, Inc., costs related to the termination of the Company's Shareholder Rights Agreement, and other costs associated with the change-in-control.

FISCAL 1999 RESTRUCTURING

During the third quarter of fiscal 1999, the Company announced its plans to close, through lease terminations and expirations, 14 unprofitable Designs stores, eight unprofitable Boston Trading Co.(R)/BTC(TM) stores and eight Original Levi's Stores(TM) operated by the OLS Partnership. This store closing strategy resulted in the Company recording a pre-tax charge of $13.4 million. The total cost to close these stores was $10.5 million, which is $2.9 million less than the original charge, primarily due to favorable landlord negotiations on lease termination payments. As a result, the Company recognized pre-tax income of $2.9 million in the fourth quarter of fiscal 1999. Total cash costs were $4.2 million related to lease terminations, employee severance and other related expenses. The remainder of the $10.5 million charge consists of non-cash costs of approximately $6.3 million in store fixed asset write-offs. All of these stores were closed by the end of fiscal 1999.

In the fourth quarter of fiscal 1999, the Company recorded a pre-tax charge of $5.2 million, or $0.20 per share after tax, related to the decision to close three BTC(TM) mall stores, one Designs mall store, and four Boston Traders(R) Outlet stores and to further reduce corporate headcount. The total cost of severance and store closings was $717,000 less than the original charge due to favorable landlord negotiations on lease termination payments. As a result, the Company recognized income of $717,000 or $0.03 earnings per share after tax in the fourth quarter of fiscal 2000.

FISCAL 1998 RESTRUCTURING

In the second quarter of fiscal 1998, the Company recorded a pre-tax charge of $20 million related to its shift in strategy away from the vertically integrated Boston Traders(R) private label concept to a strategy with greater emphasis on name brands. This decision involved the liquidation of Boston Traders(R) brand products, the closure of the Company's New York City product development office and the closure of 17 Designs stores and 16 Boston Traders(R) Outlet stores. Total actual costs to close related to this shift in strategy and the closure of the stores was $19.9 million which included cash costs of $6.0 million related to lease terminations, the cost of canceling private label fabric commitments, severance associated with the closing of the New York office, and other miscellaneous expenses. The remainder of the $19.9 million charge consisted of non-cash costs of approximately $13.9 million, which included $12.4 million of markdowns at cost related to the liquidation of Boston Traders(R) brand product and $1.5 million for write-offs of store fixed assets. Merchandise markdowns and costs associated with the cancellation of fabric commitments, which total approximately $13.9 million, were accounted for in cost of goods sold for the fiscal year ending January 31, 1998. The remaining amounts related to lease termination costs, asset impairment charges, severance and other costs, were accounted for in the restructuring charge in the Company's Consolidated Statements of Operations for the year ending January 31, 1998.

In the fourth quarter of fiscal year 1998, the Company incurred an additional pre-tax charge of $1.6 million relating primarily to severance, benefits and other costs associated with a reduction in its home office and field staff. This reduction in force resulted in the elimination of 47 positions, or approximately 25%, of the Company's headquarters and field management staff. This charge was accounted for in the restructuring charge in the Company's Consolidated Statements of Operations for the year ended January 31, 1998. Total actual costs related to this reduction in staff were $1.4 million as compared to the original charge of $1.6 million.

Also in fiscal 1998, the Company recorded an impairment charge of $378,000 in accordance with Statement of Financial Accounting Standards No. 121 ("SFAS 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This charge, which is reflected in "Provision for impairment of assets, store closings and severances" in the Consolidated Statements of Operations, reflects the estimated unrecoverable carrying value of a store's assets as compared to the fair value of those assets based on projected discounted future cash flows.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for fiscal year 2000 decreased to $6.5 million from $9.7 million in 1999 and $11.2 million in fiscal 1998, primarily due to store closings offset slightly by depreciation for new and remodeled stores. "See Liquidity and Capital Resources --Capital Expenditures."

INTEREST EXPENSE, NET

Net interest expense for fiscal 2000 was $1.2 million compared to $576,000 in fiscal 1999 and $706,000 in fiscal 1998. This increase, as compared to fiscal 1999, is primarily a result of higher average borrowing levels and increased interest rates under the Company's credit facility as compared to the prior year. See "Liquidity and Capital Resources."

NET INCOME (LOSS)

The Company reported a loss of $12.5 million or $0.78 per share for fiscal 2000 as compared with a loss of $18.5 million or $1.17 per share in fiscal 1999 and a loss of $29.1 million or $1.86 per share in fiscal 1998. Below is a summary of certain pre-tax charges included in net loss for fiscal 2000, 1999 and 1998:

(in thousands)	Fiscal 2000	Fiscal 1999	Fiscal 1998
Summary of Non-recurring Charges:			
Store closing, markdown reserve, severance impairment of asset charge recorded in the fourth quarter of fiscal 2000	$ 15,252		
Excess store closing reserve taken into income in the fourth quarter of fiscal 2000	(717)		
Non-recurring charges incurred related to recent proxy solicitation and change-in-control	3,007		
Write-down of certain tax assets	6,030		
Store closing and severance reserve recorded in the fourth quarter of fiscal 1999		$ 5,200	
Store closing reserve recorded in the third quarter of fiscal 1999		13,400	
Excess store closing reserve taken into income in the fourth quarter of fiscal 1999		(2,900)	
Reduction in force recorded in the fourth quarter of fiscal 1998			$ 1,600
Store closing reserve and abandonment of vertical integration in the second quarter of fiscal 1998			20,000
Total charges	$ 23,572	$ 15,700	$ 21,600
Earnings (loss) per share impact of charges, adjusted for minority interest portion of related charges	($1.06)	($0.61)	($0.81)
Earnings (loss) per share, inclusive of above charges	($0.78)	($1.86)	$(1.86)
Earnings (loss) per share, exclusive of the above charges	$0.27	($0.56)	($1.05)

SEASONALITY

	FISCAL 2000		FISCAL 1999		FISCAL 1998	
	(SALES DOLLARS IN THOUSANDS)					
First quarter	$ 39,835	20.7%	$ 43,400	21.5%	$ 55,470	20.9%
Second quarter	42,907	22.3%	47,078	23.4%	64,543	24.3%
Third quarter	56,703	29.5%	58,714	29.1%	77,459	29.1%
Fourth quarter	52,747	27.5%	52,442	26.0%	68,254	25.7%
	$192,192	100.0%	$201,634	100.0%	$265,726	100.0%

A comparison of sales in each quarter of the past three fiscal years is presented above. The amounts shown are not necessarily indicative of actual trends, since such amounts also reflect the addition of new stores and the remodeling and closing of others during these periods. Historically, the Company has experienced seasonal fluctuations in revenues and income, exclusive of non-recurring charges, with increases occurring during the Company's third and fourth quarters as a result of "Fall" and "Holiday" seasons. In recent years, the Company's focus has shifted towards its outlet store business and the percentage of mall-based business has declined. Accordingly, the Company's third and fourth quarters, although continuing to generate a greater proportion of total sales, have become less significant to total sales as had previously been the case. This change is due to the seasonality of the Company's outlet business as compared with the mall-based specialty stores. A comparison of quarterly sales,

gross profit, net loss and net loss per share for the past two fiscal years is presented in Note N of Notes to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary cash needs are for operating expenses, including cash outlays associated with inventory purchases and capital expenditures for new and remodeled stores, severances and landlord termination payments. The Company expects that cash flow from operations, short-term revolving borrowings and trade credit will enable it to finance its current working capital, remodeling and expansion requirements.

The following table sets forth financial data regarding the Company's liquidity position at the end of the past three fiscal years:

	FISCAL YEARS		
	2000	1999	1998
	(DOLLARS IN THOUSANDS)		
Cash provided by (used for) operations	$ 863	$ 1,936	$(7,182)
Working capital	19,624	24,078	42,104
Current ratio	1.5:1	1.7:1	2.4:1

To date, the Company has financed its working capital requirements, acquisitions and expansion program with cash flow from operations, borrowings under the Company's credit facility, and proceeds from common stock offerings. Cash provided by (used for) operating activities was $863,000, $1.9 million and ($7.2) million in fiscal 2000, 1999 and 1998, respectively. The Company's improved cash flow from operations in fiscal 1999 is principally due to an income tax refund of $12.9 million related to 1998 operating losses.

At January 29, 2000, the Company was in a net borrowing position of $22.2 million compared to a net borrowing position of $13.7 million at January 30, 1999. The increased level of borrowing in fiscal 2000 is due to cash outlays associated with restructuring programs and increased merchandise purchases. The following table provides a comparative analysis of the Company's cash and borrowings at the end of fiscal years 2000 and 1999:

(in thousands)	January 29, 2000	January 30, 1999
Cash and cash equivalents	$ --	$ 153
Borrowings under credit facility	21,202	12,825
Promissory note payable	1,000	1,000
Net borrowing position	$22,202	$13,672

Inventory

At January 29, 2000, total inventories decreased $903,000 to $57.0 million from $58.0 million at January 30, 1999. This decrease was comprised of the following components:

(In thousands)	January 29, 2000	Number of stores	January 30, 1999	Number of stores
Outlet stores	$57,022	103	$53,146	100
Specialty stores	--	--	1,802	5
Closed stores	--	--	2,977	8
Total inventories	$57,022	103	$57,925	113

The majority of the increase in inventories in the Outlet stores at January 29, 2000 as compared to the prior year is the result of new stores and an increase in opportunistic purchases of inventory for the spring and fall seasons, offset by the $7.8 million of markdowns taken in fiscal 2000, discussed more fully above. The Company continues to evaluate and, within the discretion of management, act upon opportunities to purchase substantial quantities of Levi's(R) and Dockers(R) brand products for its Levi's(R) Outlet and Dockers(R) outlet stores.

The Company currently leases a warehouse facility in Orlando, Florida, and also uses a third-party facility in Mansfield, Massachusetts, to receive approximately half of the Company's merchandise receipts for its stores. In fiscal 2001, the Company plans to expand its facility in Orlando, Florida, to receive merchandise for all stores and replenishment to the stores. The projected additional expense of this operation is approximately $1.5 million, which is expected to be more than offset by the benefits of improved inventory turn and reduced shrinkage. The Company anticipates that all capital expenditures associated with this project will be leased.

The Company's trade payables to Levi Strauss & Co., its principal vendor, generally are due 30 days after the date of invoice. In fiscal 2000, the Company was current with all outstanding merchandise payables to vendors.

On June 4, 1998 the Company entered into an Amended and Restated Loan and Security Agreement with a subsidiary of BankBoston Boston, N.A., BankBoston Retail Finance Inc. (now known as Fleet Retail Finance, Inc.), as agent for the lenders named therein (the "Credit Agreement"). The Credit Agreement, which terminates on June 4, 2001, consists of a revolving line of credit permitting the Company to borrow up to $50 million. Under this credit facility, the Company has the ability to cause the lenders to issue documentary and standby letters of credit up to $5 million. The Company's obligations under the Credit Agreement are secured by a lien on all of the Company's assets. The ability of the Company to borrow under the Credit Agreement is subject to a number of conditions including the accuracy of certain representations and compliance with tangible net worth and fixed charge coverage ratio covenants. The availability of the unused revolving line of credit is limited to specified percentages of the value of the Company's eligible inventory determined under the Credit Agreement, ranging from 60% to 65%. At the option of the Company, borrowings under this facility bear interest at Fleet Boston, N.A.'s (formerly known as BankBoston, N.A.) prime rate or at LIBOR-based fixed rates. The Credit Agreement contains certain covenants and events of default customary for credit facilities of this nature, including change of control provisions and limitations on payment of dividends by the Company. The Company is subject to a prepayment penalty of $250,000 if the Credit Agreement terminates prior to May 4, 2001.

In the third quarter of fiscal 1999, the Credit Agreement was amended to, among other things, permit and acknowledge the Company's acquisition of the 25 outlet stores from Levi's Only Stores, Inc ("LOS") and the transactions associated with the agreement to dissolve and wind up the OLS Partnership. These amendments included an increase in the minimum tangible net worth that the Company must maintain, which was adjusted to recognize the value of the assets distributed to the Company by the OLS Partnership. Prior to these amendments, the tangible net worth of the OLS Partnership was excluded from the calculation of the Company's tangible net worth for purposes of these financial covenants. Subject to certain limitations and conditions, the Credit Agreement permits the Company, without the prior permission of its lenders, to consummate certain acquisitions and to repurchase shares of the Company's Common Stock. These amendments, among other things, reduced the amount that the Company may expend for such purposes without obtaining the prior permission of its lender.

On October 14, 1999, the Company was notified that, by virtue of the recent change in the members of the Company's Board of Directors, a "Change in Control" occurred within the meaning of the Credit Agreement, giving rise to an event of default. On October 29, 1999, the lenders, the former BankBoston Retail Finance, Inc. and the Company entered into an amendment to the Credit Agreement. This amendment waives the event of default arising because of the "Change in Control," and includes new events of default for material adverse changes in the Company's financial condition or its business relationship with Levi Strauss & Co. compared to the Company's financial condition and its relationship with Levi Strauss & Co., respectively, as of October 8, 1999.

On March 28, 2000, the Credit Agreement was amended to, among other things, exclude certain non-recurring charges and tax valuation reserves from the Company's financial covenants, effective for the fiscal year ending January 29, 2000. As a result, the Company was in compliance with all debt covenants under the Credit Agreement at the end of the fiscal year.

At January 29, 2000, the Company had borrowings of approximately $21.2 million outstanding under this facility and had five outstanding standby letters of credit totaling approximately $4.1 million.

On May 2, 1995, the Company delivered a non-negotiable promissory note in the principal amount of $1,000,000 in connection with the acquisition of certain assets of Boston Trading Ltd., Inc. ("Boston Trading") in accordance with the terms of an Asset Purchase Agreement dated April 21, 1995 among Boston Trading, its stockholders, Designs Acquisition Corp., and the Company (the "Purchase Agreement"). The principal amount of the Purchase Note is payable in two equal annual installments through May 1997. The note bears interest at the published prime rate and is payable semi-annually from the date of acquisition.

In the first quarter of fiscal 1997, the Company asserted certain indemnification rights under the Purchase Agreement. In accordance with the Purchase Agreement, the Company, when exercising its indemnification rights, has the right, among other courses of action, to offset against the payment of principal and interest due and payable under the Purchase Note. Accordingly, the Company did not make the $500,000 payments of principal on the Purchase Note that were due on May 2, 1996 and May 2, 1997. The Company paid interest on the original principal amount of the Purchase Note through May 2, 1996 and continued to pay interest thereafter through January 31, 1998 on $500,000 of principal.

In January 1998, Atlantic Harbor, Inc. filed a lawsuit against the Company for failing to pay the outstanding principal amount of the Purchase Note. In March 1998, the Company filed a counterclaim against Atlantic Harbor, Inc. alleging that the Company was damaged in excess of $1 million because of the breach of certain representations and warranties made by Atlantic Harbor, Inc. and its stockholders concerning the existence and condition of certain foreign trademark registrations and license agreements. Barring unforeseen circumstances, management of the Company does not believe that the result of this litigation will have a material adverse effect on the Company's business or financial condition.

In March 1998, the Company received a federal income tax refund of approximately $12.9 million because of losses incurred by the Company during fiscal 1998, which were carried back against federal income tax payments in prior years. The Company used a portion of the cash received to reduce outstanding borrowings under its credit facility.

During the first quarter of fiscal year 1999, the Internal Revenue Service ("IRS") completed an examination of the Company's federal income tax returns for fiscal years 1992 through 1996. Taxes on the adjustments proposed by the IRS, excluding interest, amount to approximately $4.9 million. The IRS has challenged the fiscal tax years in which various income and expense deductions were recognized, resulting in potential timing differences of previously paid federal income taxes. The Company appealing these proposed adjustments through the IRS appeals process. The Company believes that these adjustments will be reduced through the appeals process and, in the opinion of management, adequate provisions have been made for all income taxes and interest. The Company believes that any adjustments to prior periods that may arise as a result of this process will not have a material impact on the results of operations and financial condition of the Company.

CAPITAL EXPENDITURES

On October 31, 1998, the Company and Levi Strauss & Co. amended the trademark license agreement (as amended, the "Outlet License Agreement") that authorizes the Company to use certain Levi Strauss & Co. trademarks in connection with the operation of the Company's Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores in 25 states in the eastern portion of the United States. Subject to certain default provisions, the term of the Outlet License Agreement was extended to September 30, 2004, and the license for any particular store is the period co-terminous with the lease term for such store (including extension options). The Outlet License Agreement now provides that the Company has the opportunity to extend the term of the license associated with one or more of the Company's older Levi's(R) Outlet by Designs stores by either renovating the store or replacing the store with a new store with an updated format and fixturing. In order to extend the license associated with each of the Company's 59 older outlet stores, the Company must, subject to certain grace periods, complete these renovations or the construction of replacement stores by December 31, 2004. As leases expire, the Company may lose the right to use the Levi's(R) trademark in connection with certain Levi's(R) Outlet by Designs stores. At January 30, 1999, the average remaining lease term (including extension options) of the Company's Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores was approximately 9.6 years.

The Company, with the approval of Levi Strauss & Co., initiated a program to remodel its existing outlet store base in fiscal 1999. This program allows the Company to substitute new locations in the Company's existing territory for older locations in maturing centers as management deems it appropriate to do.

The following table sets forth the stores opened, remodeled and closed and the capital expenditures incurred for the fiscal years presented:

	2000	1999 (1)	1998
New Stores:			
Levi's(R)/Dockers(R) Outlets	10	--	--
Dockers(R) Outlets	2		
Boston Trading Co.(R)	--	--	6
Boston Traders(R) outlets	--	--	1
Joint Venture:			
Original Levi's Stores(TM)	--	--	--
Levi's(R) Outlet stores	--	--	1
Total new stores	12	--	8
Remodeled Stores:			
Remodeled Levi's(R) Outlet by Designs	6	--	5
Remodeled Boston Traders(R) Outlets	--	6	
Total remodeled stores	6	--	11
Total closed stores	23	37	32
Capital expenditures (000's)	$6,006	$ --	$6,554

(1) Excludes 16 Dockers(R) Outlet stores and 9 Levi's(R) Outlet stores acquired by the Company on September 30, 1998.

During fiscal 2000, the Company received approximately $3.2 million in landlord allowances against the total store capital expenditures of $6.0 million. The Company incurred capital expenditures of $347,000 in fiscal 2000 related to miscellaneous store capital improvements, leasehold improvements at the Company's corporate office and technology expenditures.

The Company's present plans for expansion in fiscal 2001, barring unforeseen circumstances, includes opening 5 new Levi's(R)/Dockers(R) Outlet by Designs stores and remodeling or relocating 11 existing Levi's(R) Outlet by Designs stores to new outlet centers in the eastern United States. As previously announced, Levi Strauss & Co. has given the Company approval to open one Levi's(R)/Dockers(R) Outlet by Designs stores in Puerto Rico in fiscal 2001. The capital expenditures related to these 5 new stores and the remodeled stores are expected, barring unforeseen circumstances, to total approximately $5.6 million. This amount is net of committed landlord allowances that the Company will receive during fiscal 2001. The appropriate cost to remodel or build a new Levi's(R)/Dockers(R) Outlet store is approximately $35 per square foot.

The Company continues to seek opportunities to open and operate outlet stores for other manufacturers of branded apparel. The Company continues to evaluate the performance of its existing stores and to consider ways to enhance its businesses. As a result of this process, certain store locations could be closed or relocated within a shopping center in the future.

Recent Accounting Pronouncements

The Financial Accounting Standards Board issued SFAS No.137, "Accounting for Derivative Instruments and Hedging Activities- Deferral of the Effective Date of SFAS No. 133" in June 1999. SFAS No. 133 is now effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; earlier adoption is allowed. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at their fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company will be required to adopt SFAS No. 133 in fiscal 2001. The Company does not anticipate that the adoption of SFAS No. 133 will have a significant effect on the Company's results of operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 -- "Revenue Recognition in Financial Statements" ("SAB No. 101"). SAB No. 101 deals with various revenue recognition issues, several of which are common within the retail industry. As a result of the issuance of this SAB, the Company reexamined its method of recognizing sales allowances. See Note A of the consolidated financial statements for further discussion.

Effects of Inflation

Although the Company's operations are influenced by general economic trends, the Company does not believe that inflation has had a material effect on the results of its operations in the last three fiscal years.

Risks and Uncertainties

The foregoing discussion of the Company's results of operations, liquidity, capital resources and capital expenditures includes certain forward-looking information. Such forward-looking information requires management to make certain estimates and assumptions regarding the Company's expected strategic direction and the related effect of such plans on the financial results of the Company. Accordingly, actual results and the Company's implementation of its plans and operations may differ materially from forward-looking statements made by the Company. The Company encourages readers of this information to refer to the Company's Current Report on Form 8-K, previously filed with the United States Securities and Exchange Commission on April 28, 2000, which identifies certain risks and uncertainties that may have an impact on future earnings and the direction of the Company.

Item 7a. Quantitative and Qualitative Disclosures about Market Risk

In the normal course of business, the financial position and results of operations of the Company are routinely subject to a variety of risks, including market risk associated with interest rate movements on borrowings. The Company regularly assesses these risks and has established policies and business practices to protect against the adverse effect of these and other potential exposures.

The Company utilizes cash from operations and short-term borrowings to fund its working capital needs. This debt instrument is viewed as risk management tools and is not used for trading or speculative purposes. In addition, the Company has available letters of credit as sources of financing for its working capital requirements. Borrowings under this credit agreement, which expires in June 2001, bears interest at variable rates based on FleetBoston N.A.'s prime rate or the London Interbank Offering Rate ("LIBOR"). These interest rates at January 29, 2000 were 8.5% for prime and 8.17% for LIBOR. Based upon sensitivity analysis as of January 29, 2000, a 10% increase in interest rates would result in a potential loss to future earnings of approximately $160,000.

Item 8. Financial Statements and Supplementary Data

DESIGNS, INC.
INDEX TO FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The integrity and objectivity of the financial statements and the related financial information in this report are the responsibility of the management of the Company. The financial statements have been prepared in conformity with generally accepted accounting principles and include, where necessary, the best estimates and judgments of management.

The Company maintains a system of internal accounting control designed to provide reasonable assurance, at appropriate cost, that assets are safeguarded, transactions are executed in accordance with management's authorization and the accounting records provide a reliable basis for the preparation of the financial statements. The system of internal accounting control is regularly reviewed by management and improved and modified as necessary in response to changing business conditions.

The Audit Committee of the Board of Directors, consisting solely of outside directors, meets periodically with management and the Company's independent auditors to review matters relating to the Company's financial reporting, the adequacy of internal accounting control and the scope and results of audit work. The independent auditors have free access to the Committee.

Deloitte & Touche LLP, independent auditors, have been engaged to examine the financial statements of the Company for the year ended January 29, 2000. The Independent Auditors' Report expresses an opinion as to the fair presentation of the financial statements in accordance with generally accepted accounting principles and is based on an audit conducted in accordance with auditing standards generally accepted in the United States of America.

/s/ John J. Schultz	/s/ Kenneth F. Rogers, Jr.
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John J. Schultz	Kenneth F. Rogers, Jr.
President and Chief Executive Officer	Senior Vice President, Chief Financial Officer & Treasurer

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Designs, Inc:

We have audited the accompanying consolidated balance sheet of Designs, Inc. as of January 29, 2000 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. Our audit also included the financial statement schedule for the year ended January 29, 2000 listing in the Index as Item 14(a)(2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Designs, Inc. as of January 29, 2000, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule for the year ended January 29, 2000, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
April 11, 2000

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of Designs, Inc:

We have audited the accompanying consolidated balance sheet of Designs, Inc. and subsidiaries as of January 30, 1999 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Designs, Inc. and subsidiaries as of January 30, 1999, and the results of their operations and their cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)(2) is presented for purposes of complying with the Securities and Exchange Commission rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Boston, Massachusetts
March 16, 1999

/s/ ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of Designs, Inc:

We have audited the consolidated statements of income, changes in stockholders' equity and cash flow of Designs, Inc. for the year ended January 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit. We have not audited the consolidated statements of Designs, Inc. for any period subsequent to January 31, 1998.

We conducted our audit in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements of Designs, Inc. referred to above present fairly, in all material respects, the consolidated results of its operations and its cash flow for the year ended January 31, 1998 in conformity with generally accepted accounting principles in the United States.

Boston, Massachusetts
March 17, 1998, except as to the segment information for the year ended January 31, 1998 presented in Note N, for which the date is April 29, 1999.

/s/ PRICEWATERHOUSECOOPERS LLP

CONSOLIDATED BALANCE SHEETS

January 29, 2000 and January 30, 1999

ASSETS	January 29, 2000 (Fiscal 2000)	January 30, 1999 (Fiscal 1999)
	(In thousands, except share data)	
Current assets:		
Cash and cash equivalents	$ --	$ 153
Restricted investment	2,365	--
Accounts receivable	83	178
Inventories	57,022	57,925
Deferred taxes	1,920	272
Prepaid expenses	1,042	911
Total current assets	62,432	59,439
Property and equipment, net of accumulated depreciation and amortization	16,737	17,788
Other assets:		
Deferred income taxes	15,215	18,570
Intangible assets, net	--	2,628
Other assets	693	892
Total assets	$ 95,077	$ 99,317
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 6,801	$ 8,716
Accrued expenses and other current liabilities	7,730	6,030
Accrued rent	2,253	2,015
Reserve for severance and store closings	3,228	4,372
Payable to affiliate	594	403
Notes payable	22,202	13,825
Total current liabilities	42,808	35,361
Commitments and contingencies		
Stockholders' equity:		
Preferred Stock, $0.01 par value, 1,000,000 shares authorized, none issued		
Common Stock, $0.01 par value, 50,000,000 shares authorized, 16,389,490 and 16,178,000 shares issued at January 29, 2000 and January 30, 1999, respectively	167	162
Additional paid-in capital	54,571	53,908
Retained earnings (deficit)	(639)	11,854
Treasury stock at cost, 286,650 shares at January 29, 2000 and January 30, 1999	(1,830)	(1,830)
Deferred compensation	-	(138)
Total stockholders' equity	52,269	63,956
Total liabilities and stockholders' equity	$ 95,077	$ 99,317

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the fiscal years ended January 29, 2000, January 30, 1999 and January 31, 1998

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	(In thousands, except per share data)		
Sales	$ 192,192	$ 201,634	$ 265,726
Cost of goods sold including occupancy	144,752	159,385	227,368
Gross profit	47,440	42,249	38,358
Expenses:			
Selling, general and administrative	43,401	47,979	65,279
Provision for impairment of assets, store closings and severance	6,608	14,929	8,024
Depreciation and amortization	6,502	9,727	11,234
Total expenses	56,511	72,635	84,537
Operating loss	(9,071)	(30,386)	(46,179)
Interest expense, net	1,207	576	706
Loss before minority interest and income taxes	(10,278)	(30,962)	(46,885)
Less minority interest	-	(1,693)	(323)
Loss before income taxes	(10,278)	(29,269)	(46,562)
Provision (benefit) for income taxes	2,215	(10,728)	(17,499)
Net loss	$ (12,493)	$ (18,541)	$ (29,063)
Loss per share - basic and diluted	($0.78)	($1.17)	($1.86)
Weighted-average number of common shares outstanding:			
Basic	16,088	15,810	15,649
Diluted	16,088	15,810	15,649

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the fiscal years ending January 29, 2000, January 30, 1999 and January 31, 1998

	Common Stock Shares	Common Stock Amounts	Treasury Stock Shares	Treasury Stock Amounts	Additional Paid-in Capital	Deferred Compensation	Retained Earnings (Deficit)	Total
				(In thousands)				
Balance at February 1, 1997	15,873	$ 159	(281)	$ (1,827)	$ 53,320		$ 59,393	$111,045
Issuance of Common Stock:								
Exercises under option programs	144	1			351(1)			352
Retirement of shares	(5)				(19)			(19)
Unrealized gain on investments							65	65
Net loss							(29,063)	(29,063)
Balance at January 31, 1998	16,012	$ 160	(281)	$ (1,827)	$ 53,652	$ --	$ 30,395	$ 82,380
Issuance of Common Stock:								
Board of Directors compensation	50	1			78			79
Restricted Stock Award to associates	116	1			178	(178)		1
Restricted Stock vesting						38		38
Restricted Stock cancelled			(5)	(3)	--	2		(1)
Net loss							(18,541)	(18,541)
Balance at January 30, 1999	16,178	$ 162	(286)	$ (1,830)	$ 53,908	$ (138)	$ 11,854	$ 63,956
Issuance of Common Stock:								
Board of Directors compensation	157	2			256			258
Vesting of Restricted Stock Award						138		138
Issuance of shares to related parties	355	3			407			410
Net loss							(12,493)	(12,493)
Balance at January 29, 2000	16,690	$ 167	$ (286)	$ (1,830)	$ 54,571	$ --	$ (639)	$ 52,269

(1) Net of related tax benefit

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENTS OF CASH FLOWS

For the fiscal years ending January 29, 2000, January 30, 1999 and January 31, 1998

	Fiscal 2000	Fiscal 1999	Fiscal 1998
	(In thousands)		
Cash flows from operating activities:			
Net loss	$(12,493)	$(18,541)	$(29,063)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:			
Depreciation and amortization	6,503	9,727	11,234
Deferred income taxes	(4,323)	(10,213)	(5,015)
Minority interest	--	(1,693)	(323)
Loss from sale of investments	--	--	102
Loss (gain) from disposal of property and equipment	(75)	161	398
Vesting of restricted stock, net of cancellations	138	38	--
Issuances of common stock to Board of Directors	258	78	--
Issuance of common stock to related parties (Note G)	410	--	--
Changes in operating assets and liabilities, net of acquisition:			
Accounts receivable	95	(761)	443
Inventories	(6,944)	(712)	12,598
Prepaid expenses	(131)	104	3,819
(Increase) reduction in other assets	2,368	(739)	(153)
Income taxes	--	12,469	(12,697)
Accounts payable	(1,915)	(105)	(3,373)
Reserve for severance, store closings and impairment charges	14,844	11,206	15,412
Accrued expenses and other current liabilities	1,890	(269)	(917)
Accrued rent	238	1,186	353
Net cash provided by (used for) operating activities	863	1,936	(7,182)
Cash flows from investing activities:			
Additions to property and equipment	(7,136)	(510)	(7,762)
Payment for acquisition of a business	--	(9,737)	--
Incurrence of pre-opening costs	--	--	(325)
Proceeds from disposal of property and equipment	108	102	13
Establishment of investment trust	(2,365)	--	--
Sale of investments	--	--	5,888
Net cash used for investing activities	(9,393)	(10,145)	(2,186)
Cash flows from financing activities:			
Net borrowings under credit facility	8,377	3,997	8,828
Proceeds from minority equityholder of joint venture	--	2,892	--
Distributions to minority equityholder of joint venture	--	--	(1,710)
Issuances of common stock under Option Program (1)	--	--	333
Net cash provided by financing activities	8,377	6,889	7,451
Net decrease in cash and cash equivalents	(153)	(1,320)	(1,917)
Cash and cash equivalents:			
Beginning of the year	153	1,473	3,390
End of the year	$ --	$ 153	$ 1,473

(1) Net of related tax benefit.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Line of Business

Designs, Inc. (the "Company") is engaged in the retail sales of clothing and accessories. Levi Strauss & Co. is the most significant vendor of the Company, representing substantially all of the Company's merchandise purchases. Designs, Inc. operates a chain of outlet stores located primarily in the eastern part of the United States.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its subsidiaries and affiliates. All intercompany accounts, transactions and profits are eliminated.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates.

Fiscal Year

The Company's fiscal year is a 52- or 53- week period ending on the Saturday closest to January 31. Fiscal years 2000, 1999 and 1998 ended on January 29, 2000, January 30, 1999 and January 31, 1998, respectively. Fiscal years 2000, 1999 and 1998 were 52-week periods.

Cash and Cash Equivalents

Short-term investments, which have a maturity of ninety days or less when acquired, are considered cash equivalents. The carrying value approximates fair value.

Restricted Investment

In May 1999, the Company deposited $2.3 million in a trust established for the purpose of securing pre-existing obligations of the Company to certain executives under their respective employment agreements. These funds were being held in a trust to pay the amounts that may become due under their employment agreements and also to pay any amounts that may become due to them pursuant to their indemnification agreements and the Company's by-laws. In March 2000, subsequent to the Company's fiscal year end, the trust was terminated, and accordingly, the funds are no longer restricted.

Inventories

At January 29, 2000, all merchandise inventories were valued at the lower of cost or market using the retail method on the last-in, first-out ("LIFO") basis. At January 30, 1999, approximately $606,000 of Boston Traders(R) liquidation merchandise was valued on the first-in, first-out ("FIFO") basis. If all inventory had been valued on the FIFO basis, inventory at January 29, 2000 and January 30, 1999 would have been approximately $57,381,000 and $58,841,000, respectively. The (provision) benefit for LIFO was $558,000, $795,000, and ($534,000) in fiscal 2000, 1999 and 1998, respectively.

Property and Equipment

Property and equipment are stated at cost. Major additions and improvements are capitalized, while repairs and maintenance are charged to expense as incurred. Upon retirement or other disposition, the cost and related depreciation of the assets are removed from the accounts and the resulting gain or loss is reflected in income. Depreciation is computed on the straight-line method over the assets' estimated useful lives as follows:

Motor vehicles	Five years
Store furnishings	Five to ten years
Equipment	Five to eight years
Leasehold improvements	Lesser of useful lives or related lease life
Software development	Three to five years

Intangibles

Trademarks and licensing agreements acquired are amortized on a straight line basis over 15 years and 3 years, respectively. Amortization expense for trademarks and licensing agreements was $251,000, $317,000 and $312,000 for fiscal 2000, 1999 and 1998, respectively. Accumulated amortization for trademark and licensing was $1,143,000 at January 30, 1999. As more fully discussed in Note I, the trademark and licensing agreements were abandoned and the Company recorded a charge equal to the net book value of the intangibles of $2.4 million in the fourth quarter of fiscal 2000.

Pre-opening Costs

In fiscal 1998, the Company adopted Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." In accordance with this SOP, the Company expenses all pre-opening costs as incurred. Adoption of this pronouncement in fiscal 1998 did not result in a cumulative adjustment to earnings.

Advertising Costs

Advertising costs, which are included in selling, general and administrative expenses, are expensed when incurred. Advertising expense was $1.0 million, $1.2 million and $2.7 million for fiscal 2000, 1999 and 1998, respectively.

Sales Allowances

Historically, the Company has not recorded sales returns on the accrual basis of accounting because the difference between the cash and accrual basis of accounting was not material. In fiscal 2000 the Company decided to discontinue this practice and is accruing sales returns in accordance with generally accepted accounting principles. Because the effects of this change are insignificant to all fiscal periods, the Company has recorded the cumulative effect of this change in the current year. The impact of recording this change in fiscal 2000 is a reduction in net income of approximately $130,000.

Minority Interest

As more fully discussed in Note K, minority interest represents LDJV Inc.'s 30% interest in The Designs/OLS Partnership (the "OLS Partnership"), a joint venture between Designs JV Corp., a wholly-owned subsidiary of the Company, and LDJV Inc., a wholly-owned subsidiary of Levi's Only Stores, Inc. ("LOS"), which is a wholly-owned subsidiary of Levi Strauss & Co. As discussed more fully in Note K, during the fourth quarter of fiscal 1999, Designs JV Corp. and LDJV, Inc. agreed to dissolve and wind up the Partnership.

Net Income Per Share

Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128") requires the computation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per share is determined by giving effect to the exercise of stock options using the treasury stock method.

Fiscal Years Ending (in thousands)	January 29, 2000	January 30, 1999	January 31, 1998
Basic weighted-average common shares outstanding	16,088	15,810	15,649
Stock options, excluding anti-dilutive options of 114 shares, 80 shares and 34 shares for January 29, 2000, January 30, 1999 and January 31, 1998, respectively	----	----	----
Diluted weighted-average shares outstanding	16,088	15,810	15,649

Options to purchase shares of the Company's common stock of 320,700, 1,876,350 and 2,026,700 for fiscal years 2000, 1999 and 1998, respectively, were outstanding during the respective periods but were not included in the computation of diluted EPS because the price of the options was greater than the average market price of the common stock for the period reported. These options, which all expire between June 2, 2002 and June 10, 2007, have exercise prices that range from $2.00 to $17.75 in fiscal 2000, $4.44 to $21.50 in fiscal 1999 and $4.88 to $21.50 in fiscal 1998.

During fiscal 1995, the Company's Board of Directors authorized the repurchase of up to 2,000,000 shares of the Company's Common Stock. The Company repurchased 280,900 shares of the Company's Common Stock during fiscal 1997 at an aggregate cost of $1,827,000. These shares were recorded by the Company as treasury stock, and accounted for as a reduction in shareholders' equity. Shares owned by the Company are not considered outstanding for the computation of earnings per share until re-issued by the Company.

Impairment of Long-Lived Assets

The Company accounts for long-lived assets in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of." The Company reviews its long-lived assets for events or changes in circumstances that might indicate the carrying amount of the assets may not be recoverable. The Company assesses the recoverability of the assets by determining whether the depreciation of such assets over the remaining lives can be recovered through projected undiscounted future cash flows. The amount of impairment, if any, is measured based on projected discounted future cash flows using a discount rate reflecting the Company's average cost of funds. At January 29, 2000, the Company recorded an impairment charge of $611,000 for the write-down of fixed assets which is included as part of the $15.2 million non-recurring charge recorded in the fourth quarter of fiscal 2000. See Note I. The impairment charge of $611,000 was related to eight stores, which the Company acquired from LOS in October 1998. It was not until the end of fiscal 2000 that the Company had a full year of operating results on these stores for which to make an assessment regarding their future profitability and the realizability of their assets.

In fiscal 1998, the Company recorded an impairment charge of $378,000, which is reflected in "Provision for impairment of assets, store closings and severances" in the Consolidated Statements of Operations. No such impairment charge was recorded in fiscal 1999.

Derivative Instruments and Hedging

The Financial Accounting Standards Board issued SFAS No.137, "Accounting for Derivative Instruments and Hedging Accounting- Deferral of the Effective Date of SFAS No. 133" in July 1999. SFAS No. 133 is now effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; earlier adoption is allowed. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at their fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company will be required to adopt SFAS No. 133 in fiscal 2001. The Company does not anticipate that the adoption of SFAS No. 133 will have a significant effect on the Company's results of operations or financial position.

Reclassifications

Certain amounts from prior years have been reclassified to conform to the current year presentation.

B. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at:

	January 29, 2000	January 30, 1999
	(In Thousands)	
Motor vehicles	$ 46	$ 356
Store furnishings	16,073	15,338
Equipment	5,899	7,513
Leasehold improvements	16,929	15,690
Purchased software	5,291	5,008
Reserve on impaired assets	(611)	---
Construction in progress	44	---
	43,671	43,905
Less accumulated depreciation	26,934	26,117
Total property and equipment	$ 16,737	$ 17,788

Depreciation expense for fiscal 2000, 1999 and 1998 was $5,949,000, $9,210,000 and $10,040,000, respectively.

C. DEBT OBLIGATIONS

On June 4, 1998 the Company entered into an Amended and Restated Loan and Security Agreement with BankBoston Retail Finance, Inc. (now known as Fleet Retail Finance, Inc.), as agent for the lenders named therein (the "Credit Agreement"). The Credit Agreement, which terminates on June 4, 2001, consists of a revolving line of credit permitting the Company to borrow up to $50 million. Under this credit facility, the Company has the ability to cause the lenders to issue documentary and standby letters of credit up to $5 million. The Company's obligations under the Credit Agreement are secured by a lien on all of the Company's assets. The ability of the Company to borrow under the Credit Agreement is subject to a number of conditions including the accuracy of certain representations and compliance with tangible net worth and fixed charge coverage ratio covenants. The availability of the unused revolving line of credit is limited to specified percentages of the value of the Company's eligible inventory determined under the Credit Agreement, ranging from 60% to 65%. At the option of the Company, borrowings under this facility bear interest at FleetBoston, N.A.'s (formerly known as BankBoston, N.A.) prime rate or at LIBOR-based fixed rates. These interest rates at January 29, 2000 were 8.50% for prime and 8.17% for LIBOR. The Credit Agreement contains certain covenants and events of default customary for credit facilities of this nature, including change of control provisions and limitations on payment of dividends by the Company. The Company is subject to a prepayment penalty of $250,000 if the Credit Agreement terminates prior to May 4, 2001.

In the third quarter of fiscal 1999, the Credit Agreement was amended to, among other things, permit and acknowledge the Company's acquisition of the 25 outlet stores from LOS and the transactions associated with the agreement to dissolve and wind up the OLS Partnership. These amendments include an increase in the minimum tangible net worth that the Company must have, which was adjusted to recognize the value of the assets distributed to the Company by the OLS Partnership. Prior to these amendments, the tangible net worth of the OLS Partnership was excluded from the calculation of the Company's tangible net worth for purposes of these financial covenants. Subject to certain limitations and conditions, the Credit Agreement permits the Company, without the prior permission of its lenders, to consummate certain acquisitions and to repurchase shares of the Company's Common Stock. These amendments, among other things, reduced the amount that the Company may expend for such purposes without obtaining the prior permission of its lenders.

On October 14, 1999, the Company was notified that, by virtue of the recent change in the members of the Company's Board of Directors, a "Change in Control" occurred within the meaning of the Credit Agreement, giving rise to an event of default. On October 29, 1999, the lenders, the former BankBoston Retail Finance, Inc. and the Company entered into an amendment to the Credit Agreement. This amendment waives the event of default arising because of the "Change in Control," and includes new events of default for material adverse changes in the Company's financial condition or its business relationship with Levi Strauss & Co. compared to the Company's financial condition and its relationship with Levi Strauss & Co., respectively, as of October 8, 1999.

On March 28, 2000, the Credit Agreement was amended to, among other things, exclude certain non-recurring charges and tax valuation reserves from the Company's financial covenants, effective for the fiscal year ending January 29, 2000. As a result, the Company was in compliance with all debt covenants under the Credit Agreement at the end of the fiscal year.

At January 29, 2000, the Company had borrowings of approximately $21.2 million outstanding under this facility and had five outstanding standby letters of credit totaling approximately $4.1 million. Average borrowings outstanding under this credit facility for fiscal year 2000 was approximately $16.8 million.

On May 2, 1995, the Company delivered a non-negotiable promissory note in the principal amount of $1,000,0000 in connection with the acquisition of certain assets of Boston Trading Ltd., Inc. ("Boston Trading") in accordance with the terms of an Asset Purchase Agreement dated April 21, 1995 among Boston Trading, its stockholders, Designs Acquisition Corp., and the Company (the "Purchase Agreement"). The principal amount of the Purchase Note was payable in two equal annual installments through May 1997. The note bears interest at the published prime rate and is payable semi-annually from the date of acquisition.

In the first quarter of fiscal 1997, the Company asserted certain indemnification rights under the Purchase Agreement. In accordance with the Purchase Agreement, the Company, when exercising its indemnification rights, has the right, among other courses of action, to offset against the payment of principal and interest due and payable under the Purchase Note. Accordingly, the Company did not make the $500,000 payments of principal on the Purchase Note that were due on May 2, 1996 and May 2,

1997. The Company paid interest on the original principal amount of the Purchase Note through May 2, 1996 and continued to pay interest thereafter through January 31, 1998 on $500,000 of principal.

In January 1998, Atlantic Harbor, Inc. filed a lawsuit against the Company for failing to pay the outstanding principal amount of the Purchase Note. In March 1998, the Company filed a counterclaim against Atlantic Harbor, Inc. alleging that the Company was damaged in excess of $1 million because of the breach of certain representations and warranties made by Atlantic Harbor, Inc. and its stockholders concerning the existence and condition of certain foreign trademark registrations and license agreements. Barring unforeseen circumstances, management of the Company does not believe that the result of this litigation will have a material adverse effect on the Company's business or financial condition.

The Company paid interest and fees on all the above described debt obligations totaling $1,558,000, $1,062,000 and $833,000 for the fiscal years 2000, 1999 and 1998, respectively.

D. INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes"("SFAS109"). Under SFAS 109, deferred tax assets and liabilities are recognized based on temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. SFAS 109 requires current recognition of net deferred tax assets to the extent that it is more likely than not that such net assets will be realized. To the extent that the Company believes that its net deferred tax assets will not be realized, a valuation allowance must be placed against those assets.

As of January 29, 2000, the Company has net operating loss carryforwards of $34,705,000 for federal income tax purposes and $75,743,000 for state income tax purposes, which are available to offset future taxable income through fiscal year 2019. Additionally, the Company has alternative minimum tax credit carryforwards of $1,138,000, which are available to reduce further income taxes over an indefinite period.

The components of the net deferred tax assets as of January 29, 2000 and January 30, 1999 are as follows:

	January 29, 2000	January 30, 1999
	(In Thousands)	
Deferred tax assets - current:		
Inventory reserves	$ 1,792	$ 426
LIFO reserve	128	-
Subtotal	1,920	426
Deferred tax liabilities - current:		
LIFO reserve	-	(154)
Net deferred tax assets- current	$ 1,920	$272
Deferred tax asset - noncurrent:		
Excess of book over tax depreciation/amortization	$ 2,684	$ 1,687
Restructuring reserve	1,281	1,004
Capital loss carryforward	-	165
Net operating loss carryforward	16,346	15,121
Alternative minimum tax credit carryforward	1,138	1,138
Subtotal	$21,449	$19,115
Valuation allowance	(6,234)	(545)
Total deferred tax assets - noncurrent	$15,215	$18,570

As a result of restructuring and other non-recurring charges recorded in fiscal 2000, the Company recorded a further write-down of tax assets of $6.0 million attributable to the potential that certain deferred federal and state tax assets may not be realizable. Realization of the Company's deferred tax assets is dependent on generating sufficient taxable income during the carryforward period. The valuation allowance at January 29, 2000 is primarily attributable to the potential that certain deferred federal and state tax assets will not be realizable. Although realization is not assured, management believes it is more likely than not that all of the remaining deferred tax assets will be realized. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced. In reaching this determination, management reviewed the Company's historical performance and projections of future results. These projections provide positive evidence of future probable realization of the remaining deferred tax asset within the prescribed carryforward timeframe.

The provision (benefit) for income taxes consists of the following:

	FISCAL YEARS ENDING		
	January 29, 2000	January 30, 1999	January 31, 1998
	(In Thousands)		
Current:			
Federal	$ ---	$ ---	$(12,964)
State	508	364	(688)
	508	364	(13,652)
Deferred:			
Federal	439	(10,006)	(1,639)
State	1,268	(1,086)	(2,208)
	1,707	(11,092)	(3,847)
Total provision (benefit)	$ 2,215	$(10,728)	$(17,499)

The following is a reconciliation between the statutory and effective income tax rates:

	FISCAL YEARS ENDING		
	January 29, 2000	January 30, 1999	January 31, 1998
Statutory federal income tax rate	(34.0%)	(35.0%)	(35.0%)
State income and other taxes, net of federal tax benefit	(1.6)	(4.4)	(2.6)
Permanent items	.2	--	--
Change in valuation allowance	55.4	1.9	--
Expiration of capital loss carryforward	1.6	--	--
Effective tax rate	21.6%	(37.5%)	(37.6%)

The Company received income tax refunds of $75,000 and $12,984,000 for fiscal years 2000 and 1999, respectively, and the Company paid income taxes of $195,000 during fiscal year 1998. These figures represent the net of payments and receipts. The above refund of $12.9 million related to losses incurred by the Company in fiscal 1998, which were carried back against federal income tax payments in prior years.

During the first quarter of fiscal year 1999, the IRS completed an examination of the Company's federal income tax returns for fiscal years 1992 through 1996. Taxes on the adjustments proposed by the IRS, excluding interest, amount to approximately $4.9 million. The IRS has challenged the fiscal tax year in which various income and expense deductions were recognized, resulting in potential timing differences of previously paid federal income taxes. The Company is currently appealing the proposed adjustments through the IRS appeals process. The Company believes that these adjustments will be reduced through the appeals process and, in the opinion of management, adequate provisions have been made for all income taxes and interest. The Company believes that any adjustments to prior periods that may arise as a result of this process will not have a material impact on the results of operations and financial condition of the Company.

E. COMMITMENTS AND CONTINGENCIES

At January 29, 2000, the Company was obligated under operating leases covering store and office space, automobiles and certain equipment for future minimum rentals as follows:

FISCAL	TOTAL (In Thousands)
2001	$16,770
2002	15,576
2003	13,552
2004	12,180
2005	9,332
Thereafter	9,862
	$77,272

The Company signed a lease for its corporate headquarters in Needham, Massachusetts, during fiscal 1996. The term of the lease is for ten years ending in November 2005. The lease provides for the Company to pay all related costs associated with the land and headquarters building. The Company entered into a lease agreement effective April 1, 1998 to sublease approximately 15,000 square feet to a sublessee for a term of five to eight years. The Company also entered into a second lease agreement effective July 1, 1998 to sublease an additional 15,300 square feet to a sublessee for a term of five to seven years. The Company's commitment under this lease has been reduced by the expected future rental income to be received from the Company's two sublessees.

In addition to future minimum rental payments, many of the store leases include provisions for common area maintenance, mall charges, escalation clauses and additional rents based on a percentage of store sales above designated levels.

Amounts charged to operations for the above occupancy costs, automobile and leased equipment expense were $22,571,000, $30,480,000 and $36,458,000 in fiscal years 2000, 1999 and 1998, respectively. Of these amounts charged to operations, $23,000, $173,000 and $402,000 represent payments based upon a percentage of adjusted gross sales as provided in the lease agreement for the fiscal years ended 2000, 1999 and 1998, respectively.

The Company remains principally liable on three leases which were assigned to Levi's Only Stores, Inc., a wholly-owned subsidiary of Levi Strauss & Co., in connection with the sale of the Company's Original Levi's(R) Store(TM) located in Minneapolis, Minnesota, and the two Dockers(R) Shops located in Minneapolis, Minnesota, and Cambridge, Massachusetts. The store leases in Minneapolis and Cambridge expire in January 2003 and January 2002, respectively.

In fiscal 2000, the Company entered into severance agreements with three of its previous executives. Under the terms of the agreements, the Company is committed to pay severance to each executive for a two-year period. One of the three severance agreements requires the Company to maintain a letter of credit equal to the outstanding severance liability. At January 29, 2000, the Company has an outstanding liability related to these agreements of $1.9 million. The balance of the letter of credit outstanding at yearend is $531,000.

On April 10, 2000, subsequent to yearend, the Company entered into a two-year employment agreement with its newly appointed President and Chief Executive Officer. The agreement, which expires on April 10, 2002, provides for a minimum salary level, stock options and bonuses as determined by the Compensation Committee of the Company's Board of Directors. The aggregate commitment for future salaries at January 29, 2000, excluding bonuses, is $750,000.

The Company is also subject to various legal proceedings and claims that arise in the ordinary course of business. Management believes that the resolution of these matters will not have an adverse impact on the results of operations or the financial position of the Company.

F. STOCK OPTIONS

The Company's Board of Directors and its stockholders previously approved the 1987 Incentive Stock Option Plan (the "Incentive Plan") pursuant to which, as amended, stock options to purchase up to 787,500 shares of Common Stock may be issued to key employees (including executive officers and directors who are employees). The Incentive Plan is administered by the Compensation Committee of the Company's Board of Directors, which designates the optionees, number of shares for each option grant, option prices (which may not be less than fair value on the date of grant), date of grant, vesting schedule (ranging from three to five years) and period of option (which may not be more than ten years). All Incentive Plan options are non-assignable. The Incentive Plan terminates when all shares issuable thereunder have been issued.

The Company's Board of Directors and its stockholders also previously approved the 1987 Non-Qualified Stock Option Plan (the "Non-Qualified Plan") pursuant to which stock options to purchase up to 337,500 shares of Common Stock which are not "incentive stock options" (as defined in Section 422 of the Internal Revenue Code, as amended) may be issued to key employees (including executive officers and directors of the Company) and directors who are not employees of the Company. The Non-Qualified Plan is administered by the Compensation Committee of the Company's Board of Directors, which designates the optionees, number of shares for each option grant, option prices (which may not be less than 85% of the fair market value on the date of grant), date of grant, vesting schedule (ranging from three to five years) and period of option (which may not be more than ten years). All Non-Qualified Plan options are non-assignable. The Non-Qualified Plan terminates when all shares issuable have been issued. Outstanding options under both the Incentive Plan and the Non-Qualified Plan expire seven to ten years after the date of grant. At the beginning of fiscal 1998 there were 76,948 options with an exercise price of $2.53 outstanding under the Non-Qualified Plan. All 76,948 options were exercised during fiscal 1998. There was no activity under this plan in fiscal 1999 or fiscal 2000.

On April 3, 1992, the Board of Directors adopted the 1992 Stock Incentive Plan (the "1992 Plan"), which became effective on June 9, 1992 when it was approved by the stockholders of the Company. Under the 1992 Plan, as amended, up to 1,850,000 shares of Common Stock may be issued pursuant to "incentive stock options" (as defined in Section 422 of the Internal Revenue Code, as amended), options which are not "incentive stock options," conditioned stock awards, unrestricted stock awards and performance share awards. The 1992 Plan is administered by the Compensation Committee, all of the members of which are non-employee directors. The Compensation Committee makes all determinations with respect to amounts and conditions covering awards under the 1992 Plan. No Incentive Stock Options may be granted under the 1992 Plan after April 2, 2002. Options have never been granted at a price less than fair value on the date of the grant. Options granted to employees, executives and directors typically vest over five, three and three years, respectively, with the exception of the premium priced options issued to the executives which vest over a five-year period. Options granted under the 1992 Plan expire ten years from the date of grant. The 1992 Plan terminates when all shares issuable thereunder have been issued.

By written consent dated as of April 28, 1997, the Board of Directors authorized an increase in the number of shares issuable under the 1992 Plan to 2,430,000. In addition, the Board of Directors authorized an increase in the number of shares that may be granted during any fiscal year to any individual participant from 75,000 to 270,000 shares, but only if all such stock options have a per share exercise price not less than 200% of fair market value of one share of Common Stock on the date of grant. Furthermore, they authorized the elimination of certain provisions of the 1992 Plan that are no longer required by Rule 16b-3 under the Securities Exchange Act. The stockholders approved this increase and the other amendments to the 1992 Plan at the Annual Meeting held on June 10, 1997.

On October 28, 1999, the Company entered into a consulting agreement with Jewelcor Management Inc. ("JMI"), whereby the Company has given JMI the right to receive a non-qualified stock option exercisable for up to 400,000 shares of the Company's Common Stock. These options, which will expire on April 30, 2002 if not exercised, will be granted as compensation for consulting services to be performed over the following six-month term of the agreement. These 400,000 options will be issued outside of the 1992 Incentive Plan at an exercise price of $1.16. When issued, these options will be fully vested and exercisable. The Company will determine the fair value of these options using the Black Scholes model. The fair value of such options will be accounted for as an increase in Additional Paid In Capital and will offset amounts due to JMI as compensation for services. See Note G.

A summary of shares subject to the option plans described above is as follows:

1987 Incentive Stock Option Plan

	FISCAL YEAR		
	2000	1999	1998
Outstanding at beginning of year	9,000	9,000	97,306
Options granted	--	--	--
Options canceled	9,000	--	20,900
Options exercised	--	--	67,406
Outstanding at end of year	--	9,000	9,000
Options exercisable at end of year	--	9,000	9,000
Common shares reserved for Future grants at end of year	--	--	--
Weighted-average exercise price per option:			
Outstanding at beginning of year		$11.17	$ 4.01
Granted during the year	--	--	--
Canceled during the year	--	--	$ 7.15
Exercised during the year	--	--	$ 2.07
Outstanding at end of year	--	$11.17	$11.17

1992 Stock Incentive Plan

	FISCAL YEAR		
	2000	1999	1998
Outstanding at beginning of year	2,103,225	2,041,749	1,660,400
Options granted	261,106	304,478	708,750
Options canceled	1,625,600	191,649	327,401
Options exercised	237,656	51,353	--
Outstanding at end of year	501,075	2,103,225	2,041,749
Options exercisable at End of year	396,075	1,272,615	1,145,397
Common shares reserved for future grants at end of year	1,624,266	259,772	372,851
Weighted-average exercise price per option:			
Outstanding at beginning of year	$ 10.94	$ 12.02	$ 12.00
Granted during the year	1.60	0.97	10.65
Canceled during the year	12.15	9.09	8.99
Exercised during the year	1.10	1.66	--
Outstanding at end of year	$ 6.68	$ 10.94	$ 12.02

The following table summarizes information about stock options outstanding under the 1992 Plan at January 29, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.66 to $2.15	189,125	9.5 years	$ 1.26	84,125	$ 1.25
4.30 to 6.45	41,500	6.1 years	4.44	41,500	4.44
6.46 to 8.60	97,000	4.4 years	7.81	97,000	7.81
8.61 to 10.75	49,500	3.3 years	9.00	49,500	9.00
10.76 to 12.90	66,450	1.7 years	11.17	66,450	11.17
15.06 to 17.20	6,000	4.2 years	15.25	6,000	15.25
17.21 to 17.75	51,500	2.6 years	17.75	51,500	17.75
$0.66 to $17.75	501,075			396,075	

During the fourth quarter of fiscal 2000, stock options covering an aggregate of 90,000 shares of Common Stock were issued outside of the 1992 Plan to three non-employee directors as part of their consulting agreements with the Company. See Note G. These options have exercise prices between $1.16 and $1.44 and are fully vested and exercisable. All 90,000 options remain outstanding at January 29, 2000.

Subsequent to yearend, the Company granted 75,000 incentive stock options and 225,000 non-qualified options to its President and Chief Executive Officer as part of his employment agreement. See note E. These options have a three-year vesting and are exercisable at $1.19 per share.

When shares are sold within one year of exercise or within two years from date of grant, the Company derives a tax deduction measured by the excess of the market value over the option price at the date the shares are sold, which approximated $18,256 in fiscal year 1998. There were no tax deductions taken for fiscal years 1999 and 2000.

The Company applies APB Opinion No. 25 and related Interpretations in accounting for its plans. FASB Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), was issued by the FASB in 1995 and requires the Company to elect either expense recognition under SFAS 123 or its disclosure-only alternative for stock-based employee compensation. The Company has elected the disclosure-only alternative and, accordingly, no compensation cost has been recognized. The Company has disclosed the pro forma net income or loss and per share amounts using the fair value based method.

Had compensation costs for the Company's grants for stock-based compensation been determined consistent with SFAS 123, the Company's net loss and loss per share would have been reduced to the pro forma amounts indicated below:

	FISCAL YEARS ENDED		
(In Thousands, Except per Share Amounts)	January 29, 2000	January 30, 1999	January 31, 1998
Net loss - as reported	$(12,493)	$(18,541)	$(29,063)
Net loss - pro forma	$(12,614)	$(18,782)	$(29,383)
Loss per share- basic and diluted as reported	$ (0.78)	$ (1.17)	$ (1.86)
Loss per share- basic and diluted pro forma	$ (0.78)	$ (1.19)	$ (1.88)

The effects of applying SFAS 123 in this pro-forma disclosure are not likely to be representative of the effects on reported net income for future years. SFAS 123 does not apply to awards prior to 1995 and additional awards are anticipated.

The fair value of each option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions used for grants in fiscal 2000, 1999 and 1998: expected volatility of 93.7% in fiscal 2000, 92.8% in fiscal 1999 and 63.97% in fiscal 1998; risk-free interest rate of 6.6%, 5.0% and 6.2% in fiscal 2000, 1999 and 1998, respectively; and expected lives of 4.5 years. No dividend rate was used for fiscal 2000, 1999 and 1998. The weighted- average fair value of options as well as restricted stock granted in fiscal 2000, 1999 and 1998 was $1.60, $0.97 and $1.93, respectively.

G. RELATED PARTIES

On October 28, 1999, the Company entered into a consulting agreement with Jewelcor Management, Inc. ("JMI"), a 14.7% stockholder of the Company, to assist in developing and implementing a strategic plan for the Company and for other related consulting services as may be agreed upon between JMI and the Company. As compensation for these services, JMI was given the right to receive a non-qualified stock option to purchase up to 400,000 shares of the Company's Common Stock, exercisable at the closing price on October 28, 1999. Any remaining compensation due will be paid to JMI in cash or stock. In Fiscal 2000, the Company has recorded $240,000 in compensation expense related to this agreement. In October 1999, the Company also reimbursed JMI $400,000, which was paid in shares of the Company's Common Stock, for expenses incurred by JMI in connection with the recent proxy solicitation. Based on the closing price of the stock on October 29, 1999, JMI received 346,021 shares of the Company's Common Stock. Subsequently, on April 7, 2000, Seymour Holtzman, President and Chief Executive Officer of JMI, was elected to the Company's Board of Directors and on April 11, 2000 was elected Chairman of the Board.

The Company has also entered into three consulting agreements with three of its other Board members: John J. Schultz, Robert L. Patron and George T. Porter, Jr.

On October 28, 1999, the Company engaged John J. Schultz, under a consulting agreement, to act as President and Chief Executive Officer of the Company on an interim basis and to assist in the search for a permanent President and Chief Executive Officer. As compensation for those services and additional services he may provide subsequent to April 10, 2000, Mr. Schultz is paid a rate of $2,000 per day, payable at his election in cash or in shares of Common Stock, plus reimbursement of reasonable out-of-pocket expenses. Mr. Schultz' compensation also includes the grant of stock options exercisable for up to 15,000 shares of the Company's Common Stock for each year in which Mr. Schultz serves as President and CEO. The per share exercise price of these options will be the closing price of shares of Common Stock on the date of grant. For the year ending January 29, 2000, Mr. Schultz was paid $83,311 as compensation and reimbursement of expenses and received 30,000 options. Subsequent to yearend, the Company granted John J. Schultz 65,000 options outside of the 1992 Incentive Plan as part of his consulting services.

On November 19, 1999, the Company entered into a consulting agreement with Business Ventures International, Inc., a company affiliated with Robert Patron, a member of the Board, to advise the Company with regard to real estate matters. As compensation for these services, Mr. Patron is paid a rate of $2,000 per day, payable at his election in cash or in shares of Common Stock, plus reimbursement of reasonable out-of-pocket expenses. Mr. Patron's compensation also includes the grant of stock options exercisable for up to 15,000 shares of the Company's Common Stock for each year in which Mr. Patron furnishes real estate consulting services to the Company. The per share exercise price of these options will be the closing price of shares of Common Stock on the date of grant. For the year ending January 29, 2000, Mr. Patron was paid $14,000 as compensation and received 30,000 options.

On February 8, 2000, the Company retained Mr. Porter as a consultant to advise the Company with regard to merchandising strategies and operations. As compensation for these services, Mr. Porter is paid a rate of $2,000 per day, payable at his election in cash or in shares of Common Stock, plus reimbursement of reasonable out-of-pocket expenses. Mr. Porter's compensation also includes the grant of stock options exercisable for up to 15,000 shares of the Company's Common Stock for each year in which Mr. Porter furnishes consulting services to the Company. The per share exercise price of these options will be the closing price of shares of Common Stock on the date of grant. For the year ending January 29, 2000, Mr. Porter was paid $7,373 as compensation and reimbursement of expenses and received 30,000 options.

H. EMPLOYEE BENEFIT PLANS

The Company has a defined contribution 401(k) plan that covers all eligible employees who have completed one year of service. Under this plan, the Company may provide matching contributions up to a stipulated percentage of employee contributions. The expenses of the plan are fully funded by the Company; and the matching contribution, if any, is established each year by the Board of Directors. For fiscal 2000, the matching contribution by the Company was set at 50% of contributions by eligible employees up to a maximum of 6% of salary. The Company recognized $141,000, $241,000 and $279,000 of expense under this plan in fiscal 2000, 1999 and 1998, respectively.

I. RESTRUCTURING

Fiscal 2000

During the fourth quarter of fiscal 2000, the Company recorded a pre-tax charge of $15.2 million related to inventory markdowns, the abandonment of the Company's Boston Traders(R) and related trademarks, severance, the closure of the Company's five Buffalo Jeans (R) Factory Stores and its five remaining Designs stores. All of these stores were closed and all employees were severed by the end of fiscal 2000. Of the $15.2 million charge, $7.8 million, which relates to markdowns, is reflected as a reduction in gross margin for fiscal 2000. This pre-tax charge of $15.2 million included cash costs of approximately $3.6 million related to lease terminations and corporate and store severance, and approximately $11.6 million of non-cash costs related to inventory markdowns and the impairment of trademarks and store assets. Based on management's review of the Company's remaining Levi's(R) and Dockers(R) Outlet by Designs stores, no additional store closing reserves were needed at January 29, 2000. At January 29, 2000, the remaining reserve balance related to these store closings was $6.7 million, which primarily related to landlord settlements, severance and markdowns.

In addition, the Company also recorded a write-down of tax assets of $6.0 million attributable to the potential that certain deferred federal and state tax assets may not be realizable.

Fiscal 1999

During the third quarter of fiscal 1999, the Company announced its plans to close, through lease terminations and expirations, 14 unprofitable Designs stores, eight unprofitable Boston Trading Co.(R)/BTC(TM) stores and eight Original Levi's Stores(TM) operated by the OLS Partnership. This store closing strategy resulted in the Company recording a pre-tax charge of $13.4 million. The total cost to close these stores was $10.5 million, which is $2.9 million less than the original charge, primarily due to favorable landlord negotiations on lease termination payments. As a result, the Company recognized pre-tax income of $2.9 million in the fourth quarter of fiscal 1999. Total cash costs were $4.2 million related to lease terminations, employee severance and other related expenses. The remainder of the $10.5 million charge consists of non-cash costs of approximately $6.3 million in store fixed asset write-offs. All of these stores were closed by the end of fiscal 1999.

In the fourth quarter of fiscal 1999, the Company recorded a pre-tax charge of $5.2 million, or $(0.20) per share after tax, related to the decision to close three BTC(TM) mall stores, one Designs mall store, and four Boston Traders(R) Outlet stores and to further reduce corporate headcount. The total cost of severance and store closings was $717,000 less than the original charge due to favorable landlord negotiations on lease termination payments. As a result, the Company recognized income of $717,000 in the fourth quarter of fiscal 2000 and is reflected in the Provision for Impairment of assets, store closing and severance on the Consolidated Statement of Operations for fiscal 2000.

Fiscal 1998

In the second quarter of fiscal 1998, the Company recorded a pre-tax charge of $20 million related to its shift in strategy away from the vertically integrated Boston Traders(R) private label concept to a strategy with greater emphasis on name brands. This decision involved the liquidation of Boston Traders(R) brand products, the closure of the Company's New York City product development office and the closure of 17 Designs stores and 16 Boston Traders(R) Outlet stores. Total costs to close related to this shift in strategy and the closure of the stores was $19.9 million which included cash costs of $6.0 million related to lease terminations, the cost of canceling private label fabric commitments, severance associated with the closing of the New York office, and other miscellaneous expenses. The remainder of the $19.9 million charge consisted of non-cash costs of approximately $13.9 million, which included $12.4 million of markdowns at cost related to the liquidation of Boston Traders(R) brand product and $1.5 million for write-offs of store fixed assets. Merchandise markdowns and costs associated with the cancellation of fabric commitments, which total approximately $13.9 million were included in cost of goods sold for the fiscal year ending January 31, 1998. There was no reserve balance remaining related to this charge at January 29, 2000 and January 30, 1999.

In the fourth quarter of fiscal year 1998, the Company incurred an additional pre-tax charge of $1.6 million relating primarily to severance, benefits and other costs associated with a reduction in its home office and field staff. This reduction in force resulted in the elimination of 47 positions, or approximately 25%, of the Company's headquarters and field management staff. This charge was included in the restructuring charge in the Company's Consolidated Statement of Operations for the year ended January 31, 1998. Total actual costs related to this reduction in staff were $1.4 million as compared to the original charge of $1.6 million. The remaining reserve balance at January 31, 1998 was $1.3 million. There was no reserve balance remaining related to this charge at January 29, 2000 and January 30, 1999.

J. FORMATION OF JOINT VENTURE

On January 28, 1995, Designs JV Corp., a wholly-owned subsidiary of the Company ("Designs JV Subsidiary"), and LDJV Inc., a subsidiary of Levi's Only Stores, Inc. ("LOS"), which is a wholly-owned subsidiary of Levi Strauss & Co., entered into a partnership agreement (the "Partnership Agreement"). The purpose of the Partnership Agreement was to sell Levi's(R) brand jeans and jeans-related products in Original Levi's Stores(R) and Levi's(R) Outlet stores in a specified territory. The joint venture established under the Partnership Agreement is known as The Designs/OLS Partnership (the "OLS Partnership").

In October 1998, the Company announced that it had reached an agreement with LOS to dissolve and wind up the OLS Partnership. Pursuant to this agreement, the OLS Partnership distributed to the Designs JV subsidiary 11 Levi's(R) Outlet stores, valued at a net book value of approximately $6.3 million. In addition, the OLS Partnership distributed three Original Levi's Stores(R) to LDJV Inc. The net book value of these three Original Levi's Stores(R) was approximately $5.5 million, which was greater than LDJV Inc.'s equity interest in the OLS Partnership. Consequently, LDJV Inc. made a $2.9 million capital contribution of cash to the OLS Partnership at October 31, 1998.

In connection with the plan to dissolve and wind up the OLS Partnership, the OLS Partnership recorded a pre-tax charge of $4.5 million in fiscal 1999 related to the closing of the eight Original Levi's Stores(R) that it did not distribute. This $4.5 million charge is included in the total $13.4 million charge recorded by the Company in fiscal 1999 and discussed in Note I above. The total costs to close these stores was $1.3 million less than the original charge, primarily due to favorable landlord negotiations on lease termination payments. This $1.3 million was part of the total $2.9 million recognized as restructuring income in fiscal 1999. See Note I above.

K.OUTLET STORE ACQUISITION

On September 30, 1998, the Company acquired 25 outlet stores from LOS for a purchase price of approximately $9.7 million. These stores, 16 of which now operate under the names "Dockers(R) Outlet by Designs" and nine of which operate under the name "Levi's(R) Outlet by Designs," are located in the eastern United States. A portion of the purchase price for these stores, approximately $5.1 million, was for inventory. The remainder of the purchase price, approximately $4.6 million, was for fixed assets associated with these stores. The Company also assumed the obligations associated with the real estate leases for the stores.

L.SEGMENT DISCLOSURES

Through the end of the third quarter of fiscal 2000, the Company operated its business under two reportable store segments (i) Outlet Store Group and (ii) Specialty Store Group. On November 24, 1999, the Company announced that its Board of Directors had decided to close its five remaining Designs stores and its five Buffalo Jeans Factory Stores by the end of fiscal 2000.

As a result of these transactions, the Company now operates and manages its business under one reportable store segment, the Outlet Store group. "Closed stores and Other" includes the operations of all stores closed through the end of fiscal 2000.

Outlet Store Group: At January 29, 2000, this store group included the Company's 59 Levi's(R)/Dockers(R) Outlet by Designs stores, 27 Dockers(R) Outlet stores and 11 Levi's(R) Outlet stores. These outlet stores all operate in outlet centers located primarily in the Eastern United States and primarily sell close out and end of season merchandise from Levi Strauss & Co.

Closed Stores and Other: This group included the Designs, Boston Trading Co.(TM), Buffalo Jeans Factory Stores and Boston Traders(R) Outlet stores that were closed as part of its store closing programs. The operations of the three Original Levi's Stores(TM) that were distributed to LDJV, Inc. in October 1998 and the operations of the eight Original Levi's Stores(TM) that were closed in fiscal 1999 are also included in this group.

The accounting policies of the reportable segments are the same as those described in Note A. The Company evaluates individual store profitability in terms of a store's "Contribution to Profit" which is defined by the Company as gross margin less occupancy costs and all store specific expenses such as payroll, advertising, insurance and depreciation.

Below is a summary of the results of operations for the "Outlet Store Group" and "Closed Stores and Other" for the three years ended January 29, 2000:

For the year ended January 29, 2000

(in thousands)	Outlets	Closed and Other	Total
Sales	$ 179,502	$ 12,690	$ 192,192
Merchandise margin	76,733	3,435	80,168
Markdown reserves	(6,536)	(1,311)	(7,847)
Occupancy costs	(21,741)	(3,140)	(24,881)
Gross margin	48,456	(1,016)	47,440
Depreciation/amortization	(3,338)	(923)	(4,261)
Contribution to profit	25,041	(4,616)	20,425
Non-recurring charges	(6,536)	(7,999)	(14,535)
Segment Assets:			
Inventory, net	57,022	--	57,022
Fixed assets, net	12,304	4,433	16,737
Capital expenditures	6,006	347	6,353

For the year ended January 30, 1999

(in thousands)	Outlets	Closed and Other	Total
Sales	$ 149,733	$ 51,901	$ 201,634
Merchandise margin	61,711	15,165	76,876
Markdown reserves	--	(800)	(800)
Occupancy costs	(18,267)	(15,560)	(33,827)
Gross margin	43,444	(1,195)	42,249
Depreciation/amortization	(3,103)	(4,217)	(7,320)
Contribution to profit	19,393	(17,379)	2,014
Non-recurring charges	--	(15,700)	(15,700)
Segment Assets:			
Inventory, net	50,815	7,110	57,925
Fixed assets, net	9,024	8,764	17,788
Capital expenditures	--	510	510

For the year ended January 31, 1998

(in thousands)	Outlets	Closed and Other	Total
Sales	$ 173,389	$ 92,337	$ 265,726
Merchandise margin	68,114	24,394	92,508
Markdown reserves	--	(13,900)	(13,900)
Occupancy costs	(16,974)	(23,276)	(40,250)
Gross margin	51,140	(12,782)	38,358
Depreciation/amortization	(3,047)	(5,749)	(8,796)
Contribution to profit	24,322	(8,622)	15,700
Non-recurring charges	--	(21,600)	(21,600)
Segment Assets:			
Inventory, net	36,742	18,230	54,972
Fixed assets, net	7,367	27,940	35,307
Capital expenditures	--	7,762	7,762

Reconciliation of Contribution to Profit to Operating Income (Loss)

(in thousands)	Fiscal 2000	Fiscal 1999	Fiscal 1998
Contribution to Profit:			
Outlet store segment	$ 25,041	$ 19,393	$ 24,322
Closed store and other	(4,616)	(17,379)	(8,622)
Non-recurring store closing charges	(14,535)	(15,700)	(21,600)
General and Administrative Expenses	(14,961)	(16,700)	(25,781)
Total operating income (loss)	$ (9,071)	$(30,386)	$(46,179)

Reconciliation of depreciation/amortization to Consolidated Statements of Operations

(in thousands)	Fiscal 2000	Fiscal 1999	Fiscal 1998
Segment depreciation/amortization	$ 4,261	$ 7,320	$ 8,796
Corporate depreciation/amortization	2,241	2,407	2,438
Total depreciation/amortization per Consolidated Statements of Operations	$ 6,502	$ 9,727	$11,234

M. SHAREHOLDERS RIGHTS PLAN

On May 1, 1995, the Board of Directors of the Company adopted a Shareholder Rights Plan. Pursuant to the Plan, the Company entered into a Shareholder Rights Agreement ("Rights Agreement") between the Company and its transfer agent, Boston EquiServe, the successor to The First National Bank of Boston, the Company's transfer agent. Pursuant to the Rights Agreement, the Board of Directors declared a dividend distribution of one preferred stock purchase right (the "Right(s)") for each outstanding share of the Company's Common Stock to stockholders of record as of the close of business on May 15, 1995. Initially, these Rights are not exercisable and will trade with the shares of the Company's Common Stock. In the event that a person becomes an "Acquiring Person" or is declared an "Adverse Person" as each such term is defined in the Rights Agreement, each holder of a Right (other than the Acquiring Person or the Adverse Person) would be entitled to acquire such number of shares of preferred stock which are equivalent to the Company's Common Stock having a value of twice the then-current exercise price of the Right. If the Company is acquired in a merger or other business combination transaction after any such event, each holder of a Right would then be entitled to purchase, at the then-current exercise price, shares of the acquiring company's Common Stock having a value of twice the exercise price of the Right.

On October 6, 1997, the Board of Directors approved an amendment to the Rights Agreement, pursuant to which the definition of an "Acquiring Person" was amended. The definition of Acquiring Person now allows a person who is and continues to be permitted to file Schedule 13G, in lieu of Schedule 13D, pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, to be a beneficial owner of less than 20% of the shares of the Company's Common Stock then outstanding without becoming an "Acquiring Person."

On October 29, 1999, the Board of Directors of the Company unanimously voted to implement the recommendation of the Company's shareholders to terminate the Company's Shareholders Rights Agreement dated May 1, 1995 between the Company and its transfer agent, Boston EquiServe. The costs to redeem these rights were approximately $180,000 and included as part of selling, general and administrative expenses for fiscal 2000.

N.SELECTED QUARTERLY DATA (UNAUDITED)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	FULL YEAR
	(In Thousands, Except Per Share Data)				
FISCAL YEAR 2000					
Net Sales	$ 39,835	$ 42,907	$ 56,703	$ 52,747	$ 192,192
Gross Profit	10,217	11,388	18,443	7,392	47,440
Net Income (Loss) (1)	(863)	(536)	2,692	(13,787)	(12,493)
Earnings per Share - Basic	(0.05)	(0.03)	0.17	(0.84)	(0.78)
Earnings per Share - Diluted	(0.05)	(0.03)	0.17	(0.84)	(0.78)
FISCAL YEAR 1999					
Net Sales	$ 43,400	$ 47,078	$ 58,714	$ 52,442	$ 201,634
Gross Profit	9,376	9,337	13,467	10,069	42,249
Net Income (Loss) (2)	(3,052)	(3,094)	(8,746)	(3,649)	(18,541)
Earnings per Share - Basic	(0.19)	(0.20)	(0.55)	(0.23)	(1.17)
Earnings per Share - Diluted	(0.19)	(0.20)	(0.55)	(0.23)	(1.17)

(1) The results for the fourth quarter of fiscal 2000 include a pre-tax charge of $15.2 million for store closings, inventory markdowns, severance and a write-down of impaired assets. Of the $15.2 million, $7.8 million is reflected in gross profit for the fourth quarter of fiscal 2000.
(2) The results for the fourth quarter of fiscal 1999 include a pre-tax charge, net, for store closings and severance of $2.3 million.

Historically, the Company has experienced seasonal fluctuations in net sales, gross profit and net income, with increases occurring during the Company's third and fourth quarters as a result of "Fall" and "Holiday" seasons. In recent years, as the Company's percentage of outlet business increases in relation to total sales, the Company expects that the third and fourth quarters will decrease as a percentage of total sales. Quarterly sales comparisons are not necessarily indicative of actual trends, since such amounts also reflect the addition of new stores, closing of stores and the remodeling of stores during these periods.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On December 21, 1999 Designs, Inc. (the "Company") dismissed its principal independent accountants Arthur Andersen LLP ("Arthur Andersen"). On December 21, 1999, the Company engaged Deloitte & Touche LLP as its new principal independent accountants. The Company's Board of Directors and its Audit Committee unanimously approved the change of principal independent accountants.

On June 26, 1998 the Company filed with the Commission a Current Report on Form 8-K reporting that the Company had dismissed Coopers & Lybrand L.L.P as its principal independent accountants and had retained Arthur Andersen as its principal independent accountants.

Since Arthur Andersen was retained on June 26, 1998 and thereafter through December 21, 1999 there were no disagreements between the Company and Arthur Andersen on matters of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Arthur Andersen, would have caused Arthur Andersen to make reference to the subject matter thereof in its reports. Since Arthur Andersen was retained on June 26, 1998 and thereafter through December 21, 1999 there was no occurrence of the kinds of events described in Item 304(a)(1)(v) of Regulation S-K promulgated by the Commission. In addition, none of the reports issued by Arthur Andersen concerning the Company's financial statements since it was retained on June 26, 1998 and thereafter through December 21, 1999 contain any adverse opinion or disclaimer of opinion. Such reports were not qualified or modified as to uncertainty, audit scope, or accounting principles.

PART III.

Item 10. Directors and Executive Officers of the Registrant

Information with respect to directors and executive officers of the Company is incorporated herein by reference to the Company's definitive proxy statement to be filed within 120 days of the end of the fiscal year ended January 29, 2000.

Item 11. Executive Compensation

Information with respect to executive compensation is incorporated herein by reference to the Company's definitive proxy statement to be filed within 120 days of the end of the fiscal year ended January 29, 2000.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information with respect to security ownership of certain beneficial owners and management is incorporated herein by reference to the Company's definitive proxy statement to be filed within 120 days of the end of the fiscal year ended January 29, 2000.

Item 13. Certain Relationships and Related Transactions

Information with respect to certain relationships and related transactions is incorporated by reference to the Company's definitive proxy statement to be filed within 120 days of the end of the fiscal year ended January 29, 2000.

PART IV.

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

14(a)(1) Financial Statements

The list of consolidated financial statements and notes required by this Item 14(a)(1) is set forth in the "Index to Financial Statements" on page 22 of this Report.

14(a)(2) Financial Statement Schedules

Schedule II- Valuation and Qualifying Accounts for the three years ended January 29, 2000, January 30, 1999 and January 31, 1998 on Page 49 of this report.

All other schedules, other than the one listed above, have been omitted because the required information is not applicable or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the financial statements or notes thereto.

14(a)(3) Exhibits

The list of exhibits required by this Item 14(a)(3) is set forth in the "Index to Exhibits" on pages 50 to 53 of this Report.

14(b) Reports on Form 8-K

The Company reported under Item 6 of Form 8-K, dated April 11, 2000, that James Mitarotonda resigned from as a Director of the Company and that Seymour Holtzman was appointed as a Director of the Company to fill the position.

The Company reported under Item 5 of Form 8-K, dated April 28, 2000, that Seymour Holtzman was elected Chairman of the Company's Board of Directors. The Company also announced that Stanley Berger, one of the original founders of the Company, and David A. Levin, recently appointed as President and Chief Executive Officer, were elected Directors of the Company's Board of Directors, increasing the Board to nine members.

SCHEDULE II
DESIGNS, INC.

VALUATION AND QUALIFYING ACCOUNTS
For the Three Years Ended January 29, 2000

Description	Balance at Beginning of Year	Net Provision		Charges/ Write-offs	Balance At End Year	
Accrued Restructuring Reserves						
Year ended January 31, 1998		$21,600	(1)	$(18,672)	$2,629	(4)
Year ended January 30, 1999	$2,629	$15,706	(2)	$(11,174)	$7,161	(5)
Year ended January 29, 2000	$7,161	$14,545	(3)	$(15,010)	$6,696	(6)

(1) In fiscal 1998, the Company recorded charges of $21.6 million related to severance and its shift in strategy away from the vertically integrated Boston Traders(R) private label concept to a strategy with greater emphasis on name brands. Included in this charge was $13.9 million for merchandise markdowns and costs associated with the cancellation of fabric commitments, which were included in cost of goods sold for the fiscal year ending January 31, 1998.

(2) Included in the severance and store closing charge for fiscal 1999 of $15.7 million, is a markdown reserve of $808,000 which was included in cost of goods sold for the fiscal year ending January 30, 1999.

(3) Included in the severance and store closing charge for fiscal 2000 of $14.5 million, is a markdown reserve of $7.8 million which was included in costs of goods sold for the fiscal year ending January 29, 2000. In addition, the total provision of $14.5 million, included restructuring income of $717,000 recorded in the fourth quarter due to excess reserves which were established in fiscal 1999.

(4) Included in the reserve balance at year end is a markdown reserve of $830,000, which was included in inventory on the consolidated balance sheet.

(5) Included in the reserve balance at year end is a markdown reserve of $808,000 which was included in inventory and $1,981,000 of fixed asset reserves which were included in fixed assets on the consolidated balance sheet.

(6) Included in the reserve balance at year end is a markdown reserve of $3.5 million, which was included in inventory on the consolidated balance sheet.

Exhibits

3.1	Restated Certificate of Incorporation of the Company, as amended (included as Exhibit 3.1 to Amendment No. 3 of the Company's Registration Statement on Form S-1 (No. 33-13402), and Incorporated herein by reference).	*
3.2	Certificate of Amendment to Restated Certificate of Incorporation, as amended, dated June 22, 1993 (included as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q dated June 17, 1996, and incorporated herein by reference).	*
3.3	Certificate of Designations, Preferences and Rights of a Series of Preferred Stock of the Company established Series A Junior Participating Cumulative Preferred Stock dated May 1, 1995 (included as Exhibit 3.2 to the Company's Annual Report on Form 10-K dated May 1, 1996 and incorporated herein by reference).	*
3.4	By-Laws of the Company, as amended (included as Exhibit 3.4 to the Company's Amendment No. 1 to Annual Report on Form 10-K/A dated May 28, 1999, and incorporated herein by reference).	*
4.1	Shareholder Rights Agreement dated as of May 1, 1995 between the Company and its transfer agent (included as Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 1, 1995, and incorporated herein by reference).	*
4.2	First Amendment dated as of October 6, 1997 to the Shareholder Rights Agreement dated as of May 1, 1995 between the Company and its transfer agent (included as Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 9, 1997, and incorporated herein by reference).	*
4.3	Second Amendment dated as of May 19, 1999 to the Shareholders Rights Agreement between the Company and its transfer agent, as amended (included as Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 25, 1999, and incorporated herein by reference).	*
4.4	Third Amendment dated as of July 7, 1999 to the Shareholders Rights Agreement between the the Company and it transfer agent, as amended (included as Exhibit 4.1 to the Company's Current Report on Form 9-K dated July 13, 1999, and incorporated by reference).	*
4.5	Notice to Holder of Rights dated November 10, 1999 regarding termination of the Shareholders Rights Agreement.	
10.1	1987 Incentive Stock Option Plan, as amended (included as Exhibit 10.1 to the Company's Annual Report on Form 10-K dated April 29, 1993, and incorporated herein by reference).	*
10.2	1987 Non-Qualified Stock Option Plan, as amended (included as Exhibit 10.2 to the Company's Annual Report on Form 10-K dated April 29, 1993, and incorporated herein by reference).	*
10.3	1992 Stock Incentive Plan, as amended (included as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q dated June 16, 1998, and incorporated herein by reference).	*
10.4	Senior Executive Incentive Plan for the fiscal year ending January 29, 2000 (included as Exhibit 10.4 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.5	License Agreement between the Company and Levi Strauss & Co. dated as of April 14, 1992 (included as Exhibit 10,8 to the Company's Annual Report on Form 10-K dated April 29, 1993, and incorporated herein by reference).	*

10.6	Amended and Restated Trademark License Agreement between the Company and Levi Strauss & Co. dated as of October 31, 1998 (included as Exhibit 10.4 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.7	Amendment to the Amended and Restated Trademark License Agreement dated March 22, 2000.	
10.8	Amended and Restated Loan and Security Agreement dated as of June 4, 1998, between the Company and BankBoston Retail Finance Inc., as agent for the Lender(s) identified therein ("BRBF") and the Lender(s) (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 11, 1998, and incorporated herein by reference).	*
10.9	Fee letter dated as of June 4, 1998, between the Company and BBRF (included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 11, 1998, and incorporated herein by reference).	*
10.10	First Amendment to Loan and Security Agreement dated as of September 29, 1998 among the Company, BBRF and the Lender(s) identified therein (included as Exhibit 10.5 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.11	Second Amendment to Loan and Security Agreement dated as of October 31, 1998 among the Company, BBRF and the Lender(s) identified therein (included as Exhibit 10.6 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.12	Third Amendment to Loan and Security Agreement dated as of October 28, 1999 among the Company, BBRF and the Lender(s) identified therein (included as Exhibit 10.9 to the Company's Form 10-Q dated December 14, 1999, and incorporated herein by reference).	*
10.13	Fourth Amendment to Loan and Security Agreement dated as of March 20, 2000 among the Company, Fleet Retail Finance (f/k/a BankBoston Retail Finance) and the Lender(s) identified therein.	
10.14	Amendment and Distribution Agreement dated as of October 31, 1998 among the Designs Partner, the LOS Partner and the OLS Partnership (included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.15	Guaranty by the Company of the indemnification obligation of the Designs Partner dated as of October 31, 1998 in favor of LS & Co. (included as Exhibit 10.3 to the Company's Current Report On Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.16	Asset Purchase Agreement between LOS and the Company relating to the sale by the Company of stores located in Minneapolis, Minnesota dated January 28, 1995 (included as Exhibit 10.9 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference).	*
10.17	Asset Purchase Agreement among Boston Trading Ltd., Inc., Designs Acquisition Corp., the Company and others dated April 21, 1995 (included as 10.16 to the Company's Quarterly Report on Form 10-Q dated September 12, 1995, and incorporated herein by reference).	*
10.18	Non-Negotiable Promissory Note between the Company and Atlantic Harbor, Inc., formerly know as Boston Trading Ltd., Inc., dated May 2, 1995 (included as 10.17 to the Company's Quarterly Report on Form 10-Q dated September 12, 1995, and incorporated herein by reference).	*

10.19	Asset Purchase Agreement dated as of September 30, 1998 between the Company and LOS relating to the purchase by the Company of 16 Dockers(R) Outlet and nine Levi's(R) Outlet stores (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 6, 1995, and incorporated herein by reference).	*
10.20	Consulting Agreement dated as of October 28, 1999 between the Company and Jewelcor Management, Inc.	
10.21	Consulting Agreement dated as of October 29, 1999 between the Company and John J. Schultz	
10.22	Consulting Agreement dated as of December 15, 1999 between the Company and George T. Porter, Jr.	
10.23	Consulting Agreement dated as of November 14, 1999 between the Company and Business Ventures International, Inc.	
10.24	Employment Agreement dated as of October 16, 1995 between the Company and Joel H. Reichman (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 6, 1995, and incorporated herein by reference).	*
10.25	Employment Agreement dated as of October 16, 1995 between the Company and Scott N. Semel (included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 6, 1995, and incorporated herein by reference).	*
10.26	Employment Agreement dated as of May 9, 1997 between the Company and Carolyn R. Faulkner (included as Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q dated June 17, 1997, and incorporated herein by reference).	*
10.27	Employment Agreement dated as of March 31, 2000 between the Company and David A. Levin	
10.28	Severance Agreement dated as of January 12, 2000 between the Company and Joel H. Reichman	
10.29	Severance Agreement dated as of January 20, 2000 between the Company and Scott N. Semel	
10.30	Severance Agreement dated as of January 15, 2000 between the Company and Carolyn R. Faulkner	
10.31	Indemnification Agreement between the Company and James G. Groninger, dated December 10, 1998.	*
10.32	Indemnification Agreement between the Company and Bernard M. Manuel, dated December 10, 1998.	*
10.33	Indemnification Agreement between the Company and Peter L. Thigpen, dated December 10, 1998.	*
10.34	Indemnification Agreement between the Company and Melvin Shapiro, dated December 10, 1998.	*
10.35	Indemnification Agreement between the Company and Joel H. Reichman, dated December 10, 1998.	*
10.36	Indemnification Agreement between the Company and Scott N. Semel, dated December 10, 1998.	*

10.37	Indemnification Agreement between the Company and Carolyn R. Faulkner, dated December 10, 1998.	*
11	Statement re: computation of per share earnings.	
21	Subsidiaries of the Registrant.	
23.1	Consent of Deloitte and Touche LLP.	
23.2	Consent of Arthur Andersen LLP.	
23.3	Consent of PricewaterhouseCoopers LLP.	
27	Financial Data Schedule.	
99	Report of the Company on Form 8-K, dated April 28, 2000 concerning certain cautionary statements of the Company to be taken into account in conjunction with consideration and review of the Company's publicly-disseminated documents (including oral statements made by others on behalf of the Company) that include forward looking information.	*

* Previously filed with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DESIGNS, INC.

April 28, 2000

By: /s/ David A. Levin

David A. Levin
President and Chief Executive Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company in the capacities indicated, on April 28, 2000.

Signatures	
/s/ David A. Levin - --- David A. Levin	President and Chief Executive Officer (Principal Executive Officer)
/s/ Kenneth F. Rogers, Jr. - --- Kenneth F. Rogers, Jr.	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ Seymour Holtzman - --- Seymour Holtzman	Chairman of the Board
/s/ George T. Porter, Jr. - --- George T. Porter, Jr.	Director
/s/ Joseph Pennacchio - --- Joseph Pennacchio	Director
/s/ Robert L. Patron - --- Robert L. Patron	Director
/s/ Jeremiah P. Murphy, Jr. - --- Jeremiah P. Murphy, Jr.	Director
/s/ Stanley L. Berger - --- Stanley L. Berger	Director
/s/ Jesse H. Choper - --- Jesse H. Choper	Director
/s/ John J. Schultz - --- John J. Schultz	Director

OTHER SHAREHOLDER INFORMATION

Board of Directors

Seymour Holtzman
Chairman of the Board of Directors
Chief Executive Officer
Jewelcor Management, Inc.

Stanley L. Berger

Jesse Choper
Law Professor
University of California Law School

David A. Levin
President and Chief Executive Officer

Jeremiah P. Murphy, Jr.
President of Harvard Coop

Robert L. Patron
President of Business Ventures International, Inc.

Joseph Pennacchio
President of Aurafin

George T. Porter, Jr.

John J. Schultz

Executive Officers

David A. Levin
President and Chief Executive Officer

Kenneth F. Rogers, Jr.
Senior Vice President
Chief Financial Officer and Treasurer

Daniel O. Paulus
Senior Vice President
General Merchandise Manager

Corporate Officers

Lisa Brennan
Vice President
Planning

Alan B. Gruber
Vice President
Director of Stores

Martin Goldstein
Vice President
Real Estate and Construction

Shelly E. Mokas
Vice President
Controller

Mary Ann Ryan
Vice President
Human Resources

Jeffrey M. Unger
Vice President
Corporate Development

Robert Wilbur
Vice President
Chief Information Officer

Corporate Offices

66 B Street
Needham, MA 02494
(781) 444-7222

Financial Information

Requests for financial information should be directed to the Investor Relations Department at the company's headquarters: Designs, Inc., 66B Street, Needham, MA 02494, (781) 444-7222. A copy of the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2000, filed with the Securities and Exchange Commission, may be obtained without charge upon request to the Investor Relations Department.

Annual Meeting

The 2000 Annual Meeting of Stockholders of Designs, Inc. will be held on Monday, June 26, 2000, at 10:00 a.m. at the Sheraton Needham Hotel, 100 Cabot Street, Needham, Massachusetts.

Approximate reporting dates for fiscal year 2001 quarterly earnings are:

Quarter 1:	May 15, 2000
Quarter 2:	August 14, 2000
Quarter 3:	November 13, 2000
Quarter 4 and fiscal year end:	March 19, 2001

Transfer Agent and Registrar

Inquiries regarding stock transfer requirements, address changes and lost stock certificates should be directed to:

BankBoston
c/o Boston EquiServe Limited Partnership
P.O. Box 8040
Boston, MA 02266-8040
(781) 575-3120

Independent Accountants

Deloitte & Touche
200 Berkeley Street
Boston, Massachusetts 02116

Trademarks

Boston Trading Co.(R), Boston Traders(R) and Traders Collection(R) are registered trademarks of Designs, Inc.

Levi's(R) and Dockers(R) are registered trademarks, and Original Levi's Store(TM) is a trademark, of Levi Strauss & Co.

Exhibit 4.5 Notice to Holders dated November 10, 1999

Designs, Inc.

DESIGNS, INC.
Notice to Holders of Rights
November 10, 1999

Please be advised that on October 11, 1999, the Board of Directors of Designs, Inc. (the "Company") acted to terminate the Shareholder Rights Agreement dated as of May 1, 1995, as amended, between the Company and its rights agent (the "Agreement"). In connection therewith, the Company will redeem all issued and outstanding Rights owned by the Company's stockholders of the close of business on Wednesday, November 10, 1999 (the "Redemption Record Date"). As you may know, the Rights trade one for one with the shares of the Company's Common Stock and the number of Rights you own is equal to the number of shares of Common Stock you own. Following the Redemption Record Date, the Rights will terminate and be of no further effect, except that stockholders will be entitled to receive $0.01 per Right owned as of the Redemption Record Date (the "Redemption Price"). The Company anticipates that holders of Rights as of the close of business on the Redemption Record Date will be paid the Redemption Price in cash on or about Monday, November 15, 1999.

If you have any questions concerning the Company's redemption of the Rights or the termination of the Agreement, please contact the Company's transfer agent, Boston Equiserve, by calling (781) 575-3400.

Designs, Inc.
Corporate Headquarters
66 B Street, Needham, MA 02194 (617)444-7222 Fax (617) 444-8999

Exhibit 10.7

Amendment No. 1 to
Amended and Restated Trademark License Agreement Dated
October 31, 1998 between Designs, Inc.
And Levi Strauss & Co.

This Amendment No. 1 is entered into as of March 22, 2000 and amends that certain Amended and Restated Trademark License Agreement dated October 31, 1998 by and between Designs, Inc. and Levi Strauss & Co. (the "Agreement").

The parties hereby agree that Section 19 of the Agreement is deleted in its entirety and substituted with the following language:

"19. Licensee Assignment. The rights granted to Licensee are personal in nature. Licensee may not assign this Agreement or any rights granted under this Agreement, or delegate any of its obligations under this Agreement, without first obtaining the approval of LS&CO. Any such assignment without the prior approval of LS&CO, shall be null and void and of no force or effect. Any "Change of Control" of Licensee shall be considered and assignment of this Agreement by Licensee.

"Change of Control" means:

(i) any consolidation or merger of Licensee in which Licensee is not the continuing or surviving corporation or after which the shareholders of Licensee on the date hereof cease to hold at least 50% or more of the combined voting power of Licensee;

(ii) any sale of all or substantially all the assets of Licensee to any person, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934)(the "Exchange Act") other than to a then existing shareholder or group of shareholders of Licensee owning 75% or more of the combined voting power of Licensee's then outstanding securities;

(iii) any person, entity or group, as that term is used in Sections 13(d) and 14(d)(2) of the Exchange Act becomes or is discovered to be a beneficial owner (as defined in Rule 13d-3 under the Exchange Act as in effect on the date hereof) directly or indirectly of securities of Licensee representing 50% or more of the combined voting power of Licensee's then outstanding securities on a fully converted, fully diluted basis; or

(iv) (a) any person, entity or group as that term is used in Sections 13(d) and 14(d)(2) of the Exchange Act becomes or is discovered to be a beneficial owner (as defined in Rule 13d-3 under the Exchange Act as in effect on the date hereof) directly or indirectly of securities of Licensee representing 10% or more of the

combined voting power of Licensee's then outstanding securities on a fully converted, fully diluted basis and (b) that person, entity or group causes, either directly or indirectly, any change in the composition of the current Board of Directors pursuant to which a majority of the current members of the Board cease to serve as directors of Licensee.

Licensee shall notify LS&CO. of any Change in Control within fourteen (14) days after its occurrence. If the prior approval of LS&CO. is not obtained with respect to any change of Control of Licensee, LS&CO shall be entitled, in its sole discretion, to terminate this Agreement at any time during the ninety (90) day period after the date upon which LS&CO. receives from Licensee notice of the Change in Control or otherwise learns of the Change in Control."

All other terms and conditions of the Agreement remain in full force and effect.

DESIGNS, INC.

By: /s/ John J. Schultz
Name: John J. Schultz
Title: Chief Executive Office and President

By: /s/ Kenneth F. Rogers, Jr.
Kenneth F. Rogers, Jr.
Senior Vice President,
Chief Financial Officer & Treasurer

LEVI STRAUSS & CO.

_____
Name:
Title

Exhibit 10.13

FOURTH AMENDMENT TO AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

This Fourth Amendment to Amended and Restated Loan and Security Agreement is made as of the 13 day of March, 2000 by and between

Fleet Retail Finance Inc. f/k/a BankBoston Retail Finance Inc. (in such capacity, the "Agent"), as Agent for the Lenders party to a certain Amended and Restated Loan and Security Agreement dated as of June 4, 1998,

the Lenders party thereto, and

Designs, Inc. (the "Borrower"), a Delaware corporation with its principal executive offices at 66 B Street, Needham, Massachusetts 02194

in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

W I T N E S S E T H:

WHEREAS, on June 4, 1998, the Agent, the Lenders and the Borrower entered in a certain Amended and Restated Loan and Security Agreement (as amended and in effect, the "Agreement"); and

WHEREAS, the Agent, the Lenders and the Borrower desire to modify certain of the provisions of the Agreement as set forth herein.

NOW, THEREFORE, it is hereby agreed among the Agent, the Lenders and the Borrowers as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Agreement.

2. Amendment to Article 1. The provisions of Article 1 of the Agreement are hereby amended

(a) by adding the following at the end of clause (a) of the definition of "Fixed Charge Coverage Ratio":

, plus for all calculation periods commencing with the Borrower"s fiscal year ending January 29, 2000 through the fiscal year ending January, 2001, the sum of $10,358,855.00

(b) by adding the following provision at the end of the definition of "Inventory Advance Rate":

Notwithstanding the foregoing provisions of the above table, for the period commencing as of March 1, 2000 through and including July 14, 2000 only, the Inventory Advance Rate shall be sixty-five percent (65%). After July 14, 2000, the provisions of the above table shall apply.

3. Amendment to Article 2. The provisions of Article 2 of the Agreement are hereby amended as follows:

(a) Section 2-12 of the Agreement is hereby amended by deleting "June 4, 2000" from subclause (b) in the fifth (5th) line thereof, and substituting "May 4, 2001" in its stead.

(b) Section 2-15(b)(i) of the Agreement is hereby amended by deleting the words "Five Million Dollars ($5,000,000.00)" and substituting the words "Ten Million Dollars ($10,000,000.00)" in its stead.

4. Amendment to Exhibits. The provisions of Exhibit 5-13 to the Loan Agreement are hereby amended to provide that the Minimum Tangible Net Worth required for the Fiscal Quarter ending January 29, 2000 and each fiscal quarter ending thereafter shall be in an amount of $52,000,000.00 less the impact, if any, of any reduction to the Borrower's "deferred income tax asset" reflected on the Borrower's balance sheet.

5. Amendment Fee. In consideration of the Agent's and the Lenders' entering into this Fourth

Amendment, the Borrower shall pay the Agent an Amendment Fee (so referred to herein) in the sum of $15,000.00. The Amendment Fee shall be payable in three installments of $5,000.00 each, the first being payable on the date hereof and the other installments due on the first day of May, 2000 and June, 2000. Notwithstanding the foregoing, in the event that the Amendment Fee has not been paid in full as of the Termination Date, any remaining unpaid balance thereof shall be payable in full on the Termination Date. The Amendment Fee shall be fully earned upon the execution of this Fourth Amendment and shall not be subject to refund or rebate under any circumstances.

6. Ratification of Loan Documents. Except as provided herein, all terms and conditions of the Agreement on the other Loan Documents remain in full force and effect. Without limiting the generality of the foregoing, the parties hereto ratify and confirm that the LOS Acquisition shall not be included in the calculation of the Borrower"s compliance with any of the following sections of the Agreement: 4-18(b), 4- 19(b), 4-19(c).

7. Miscellaneous.

(a) This Fourth Amendment to Amended and Restated Loan and Security Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

(b) This Fourth Amendment to Amended and Restated Loan and Security Agreement expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.

(c) Any determination that any provision of this Fourth Amendment or any application hereof

is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Fourth Amendment to Amended and Restated Loan and Security Agreement.

(d) The Borrower shall pay on demand all costs and expenses of the Agent and each Lender, including, without limitation, reasonable attorneys' fees in connection with the preparation, negotiation, execution and delivery of this Fourth Amendment to Amended and Restated Loan and Security Agreement.

(e) The Borrower warrants and represents that the Borrower has consulted with independent legal counsel of the Borrower's selection in connection with this Fourth Amendment and is not relying on any representations or warranties of the Agent or any Lender or their respective counsel in entering into this Fourth Amendment.

IN WITNESS WHEREOF, the parties have hereunto caused this Fourth Amendment to be executed and their seals to be hereto affixed as of the date first above written.

AGENT
FLEET RETAIL FINANCE INC.
By: /s/ James R. Dore

Name: James R. Dore

Title: Vice President

LENDERS
FLEET RETAIL FINANCE INC.

By /s/ James R. Dore

Name: James R. Dore

Title: Vice President

WELLS FARGO BUSINESS CREDIT, INC.
By: /s/ Scott Fiore

Name: Scott Fiore

Title: AVP

BORROWER
DESIGNS, INC.
By: /s/Kenneth F. Rogers, Jr.

Name: Kenneth F. Rogers, Jr.

Title: Sr.VP,CFO & Treasurer

By: /s/ John J. Schultz

Name: John J. Schultz

Title: President & CEO

Exhibit 10.20

Consulting Agreement

This Consulting Agreement (this "Agreement") is entered into and effective as of October 28, 1999 (the "Effective Date"), by and between Designs, Inc., a Delaware corporation (the "Corporation"), with its principal executive offices located at 66 B Street, Needham, Massachusetts 02494, and Jewelcor Management, Inc., a Nevada corporation (the "Independent Contractor"), having its principal executive offices located at 100 North Wilkes-Barre Boulevard, Wilkes-Barre, Pennsylvania 18702.

Recitals

WHEREAS, the Corporation desires to retain the Independent Contractor to act as a consultant to assist in developing and assist in implementing a strategic plan for the Corporation and for other related consulting services to which the parties may agree, as described in Schedule A attached hereto and incorporated herein by reference (the "Services"); and

WHEREAS, the Independent Contractor agrees to perform the Services for the Corporation under the terms and conditions set forth in this Agreement, it being expressly understood that the Independent Contractor shall perform Services as an independent contractor and nothing contained herein shall be construed to be inconsistent with this relationship or status;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and the Independent Contractor hereby agree as follows:

Section One
Representations and Warranties of the Independent Contractor

The Independent Contractor represents, warrants, covenants and agrees that:

(a) the Independent Contractor is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and is duly qualified and in good standing as a foreign corporation in each jurisdiction where its performance of Services requires such qualification;

(b) the Independent Contractor has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations under this Agreement;

(c) this Agreement has been duly and validly authorized, executed and delivered by the Independent Contractor, and constitutes the valid and binding obligation of the Independent Contractor, and is enforceable against the Independent Contractor in accordance with its terms; and

(d) the execution, delivery and performance by the Independent Contractor of this Agreement does not (1) violate or conflict with any provision of the Independent Contractor's charter or by-laws; (2) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Independent Contractor, its agents or employees (or any one of them) is a party; or (3) violate

any law, judgment, decree, order, rule or regulation applicable to the Independent Contractor, its agents or employees (or any one of them).

Section Two
Representations and Warranties of the Corporation

The Corporation represents, warrants, covenants and agrees that:

(a) the Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) the Corporation has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations under this Agreement;

(c) this Agreement has been duly and validly authorized, executed and delivered by the Corporation, and constitutes the valid and binding obligation of the Corporation, and is enforceable against the Corporation in accordance with its terms; and

(d) the execution, delivery and performance by the Corporation of this Agreement does not (1) violate or conflict with any provision of the Corporation's Certificate of Incorporation or by-laws; (2) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Corporation is a party; or (3) violate any law, judgment, decree, order, rule or regulation applicable to the Corporation.

Section Three
Nature of the Services

In accordance with the terms and conditions of this Agreement, the Independent Contractor shall, to the extent requested from time to time by the Corporation, perform consulting Services for the benefit of the Corporation with respect to all matters relating to or affecting all items contained in Schedule A attached hereto. The Independent Contractor shall perform such additional

Services as may be agreed to by both parties from time to time in writing which, when so agreed, shall be deemed incorporated into this Agreement. The Independent Contractor shall perform Services at the direction of the President and Chief Executive Officer of the Corporation (or another executive officer of the Corporation as may be designated from time to time by the Board of Directors of the Corporation). As a part of the Independent Contractor's consulting Services, the Independent Contractor shall review, analyze, and make suggestions to the Corporation on all matters included in Schedule A attached hereto. The Independent Contractor agrees and stipulates that this Agreement is a personal service contract under which Services shall be performed by particular agents and employees of the Independent Contractor who are subject to the approval of the Corporation from time to time. The Corporation initially approves Seymour H. Holtzman, Richard L. Huffsmith, James Verano, Joseph F. Litchman, and Brian A. Bufalino, together with support staff directly reporting to and under the personal supervision of such individuals as required for such Services, as individuals to perform Services hereunder. The Independent Contractor shall furnish the Corporation with a properly completed Request for Taxpayer Identification Number and Certification on Form W-9, upon receipt of said Form W-9 from the Corporation.

Section Four
Compensation

Subject to the provisions of this Section 4, the consideration to be furnished to the Independent Contractor by the Corporation for the Services rendered by the Independent Contractor under this Agreement shall consist of (a) a non-qualified stock option described in Section 4.1 hereof; (b) to the extent that the total compensation for the Services so rendered as finally determined in accordance with Section 4.2 hereof exceeds the fair market value of such stock option, cash payments (or, at the election of the Independent Contractor, shares of the Corporation's Common Stock, $0.01 par value per share ("Common Stock"), in lieu of cash payments, equal in value to such cash payments); and (c) the reimbursement of actual and direct out-of-pocket expenses incurred by the Independent Contractor in the rendering of Services under this Agreement.

4.1 The Corporation shall grant the Independent Contractor a non-qualified stock option exercisable for up to 400,000 shares of Common Stock at a purchase price equal to $1.15625 per share, which price per share is equal to the closing price on the Effective Date of shares of Common Stock as reported by the NASDAQ Stock Market, Inc. (the "Stock Option"). The Stock Option shall become fully vested immediately following the termination of the Corporation's Shareholder Rights Agreement dated as of May 1, 1995, as amended. The Stock Option shall expire and no longer be exercisable after April 30, 2002. The Stock Option shall be evidenced by a Non-Qualified Stock Option Agreement substantially in the form of the form of option agreement attached as Schedule B hereto. The Corporation, in consultation with such independent consultants as the Board of Directors of the Corporation may deem appropriate, shall determine the fair market value of the Stock Option as of the Effective Date and such determination shall be binding on the Corporation and the Independent Contractor.

4.2 Within fifteen (15) days following the end of each calendar month during the term of this Agreement, the Independent Contractor shall furnish the Corporation with an invoice with respect to the month then ended, which, pending the determination of the final compensation rate for Services as contemplated by this Section 4.2, shall reflect the Independent Contractor's estimated base rate for such Services. Each invoice for Services shall include or be preceded by an election of whether the Independent Contractor wishes to receive its compensation in the form of cash or shares of Common Stock. The Board of Directors of the Corporation, in consultation with such independent consultants as the Board or a committee thereof may deem appropriate and based upon the advice of such consultants, shall reasonably determine in good faith the final rate of compensation for the Services on a basis consistent with rates for such Services prevailing in the market for comparable consulting services, and whether the amounts of any invoices are consistent therewith. The determination of the Board based upon such advice shall be binding on the Corporation and the Independent Contractor. If the Independent Contractor elects to receive shares of Common Stock in respect of Services in any month, then the number of shares of Common Stock so issued shall be determined using the closing price of Common Stock as reported by the NASDAQ Stock Market, Inc. on the fifteenth (15th) day of the month following the month in which such Services were rendered.

4.3 To the extent, if any, that the total compensation for the Services rendered as finally determined in accordance with Section 4.2 hereof may be less than the value of the Stock Option and the amounts invoiced by the Independent Contractor, the amounts payable in respect of such invoices shall be appropriately reduced or the Services to be provided by the Independent

Contractor shall be appropriately extended or expanded, or additional services provided, or both, to adjust for any such excess as reasonably determined by the Board. The fair market value of the Stock Option shall be the first compensation applied towards the amounts owed the Independent Contractor for Services rendered.

4.4. Subject to Section 15 hereof, the Corporation shall reimburse the Independent Contractor, within thirty (30) days following receipt of documentation that satisfies the Corporation's travel and expense reimbursement policies, an amount in cash equal to the actual and direct cost of all reasonable out-of-pocket expenses incurred by the Independent Contractor in the rendering of Services under this Agreement. The Independent Contractor hereby acknowledges that it has received in writing, read and understands the Corporation's travel and expense reimbursement policies in effect as of the Effective Date.

Section Five
Duration

The term of this Agreement shall be for a period of six (6) months commencing on October 28, 1999, and ending on April 28, 2000 (the "Expiration Date"). However, either party may terminate this Agreement at any time prior to the Expiration Date upon thirty (30) days prior written notice to the other party. The provisions of Sections 5, 11, 12, 13 and 14 hereof shall survive any such expiration or early termination of this Agreement.

Section Six
Place of Work

It is understood that the Services shall be rendered primarily from the Independent Contractor's offices in Wilkes-Barre, Pennsylvania and Boca Raton, Florida, but that any approved agent or employee of the Independent Contractor shall, upon request of the Corporation, travel to the Corporation's executive offices located at 66 B Street, Needham, Massachusetts, or such other places as may be designated by the Corporation.

Section Seven
Time Devoted To Work

In performing the Services, the hours that approved agents and employees of the Independent Contractor work on any given day shall be entirely within the Independent Contractor's control and the Corporation shall rely upon the Independent Contractor to determine the number of hours as is reasonably necessary to fulfill the spirit and purpose of this Agreement.

Section Eight
Status of Independent Contractor

The Independent Contractor and the Corporation acknowledge and agree that the Independent Contractor shall perform the Services hereunder as an "independent contractor" and not as agent or employee of the Corporation, and nothing herein shall be construed to be inconsistent with this relationship or status. The Independent Contractor, its agents and employees shall have no express or implied authority to act for, represent, bind or obligate the Corporation in any manner whatsoever. Accordingly, it is expressly understood and agreed between the parties hereto that the Independent Contractor is solely responsible for all labor and expenses in connection with the performance of every obligation of the Independent Contractor

hereunder. The Independent Contractor assumes the responsibility for furnishing the Services hereunder and shall withhold and pay when due all employment taxes required by federal, state and local laws, including, without limitation, all social security and withholding taxes, and contributions for unemployment and compensation funds. The Independent Contractor acknowledges and understands that the Corporation will not maintain worker's compensation, health or liability insurance on behalf of the Independent Contractor.

Section Nine
Materials and Equipment

Except as provided herein, the Independent Contractor shall furnish, at its own expense, all materials and equipment necessary to carry out the terms of this Agreement.

Section Ten
Work Standards

The Independent Contractor shall adhere to professional standards and shall perform all Services required under this Agreement in a manner consistent with generally accepted procedural standards.

Section Eleven
Copyrights and Patents

The Corporation shall own all copyrights and/or patents developed by the Independent Contractor while performing the Services provided under this Agreement. All improvements, discoveries, ideas, inventions, concepts, trade names, trademarks, service marks, logos, processes, products, computer programs or software, subroutines, source codes, object codes, algorithms, machines, apparatuses, items of manufacture or composition of matter, or any new uses therefore or improvements thereon, or any new designs or modifications or configurations of any kind, or work of authorship of any kind, including without limitation, compilations and derivative works, and techniques (whether or not copyrightable or patentable) conceived, developed, reduced to practice or otherwise made by the Independent Contractor, or any of the Independent Contractor's agents or employees, and in any ways related to the rendering of Services under this Agreement shall become property of the Corporation. The Independent Contractor agrees to assign, and hereby does assign (and hereby agrees to cause its agents and employees to assign), to the Corporation any and all copyrights, patents and propriety rights in any such invention to the Corporation, together with the right to file and/or own wholly without restrictions applications for United States and foreign patents, trademark registration and copyright registration and any patent, or trademark or copyright registration issuing thereon.

Section Twelve
Privileged and Confidential Information

12.1 The Corporation and the Independent Contractor acknowledge that the Corporation has acquired and developed, and will continue to acquire and develop, information related to its business and its industry which is secret and confidential in character and is and will continue to be of great and unique value to the Corporation and its subsidiaries and affiliates. The term "confidential information" as used in this Agreement shall mean all trade secrets, propriety information and other data or information (and any tangible evidence, record or representation thereof), whether prepared, conceived or developed by an employee of the

Corporation or received by the Corporation from an outside source (including the Independent Contractor), which is in the possession of the Corporation, which is maintained in confidence by the Corporation or any subsidiary or affiliate of the Corporation or which might permit the Corporation or any subsidiary or affiliate of the Corporation or any of their respective customers to obtain a competitive advantage over competitors who do not have access to such trade secrets, proprietary information, or other data or information, including, without limitation, information concerning the Corporation's seasonal product line plans, store and brand image and trade dress developments and strategies, business plans, real estate leasing terms, conditions and plans, occupancy costs, customers, suppliers, designs, advertising plans, marketing plans merchandising plans, market studies and forecasts, competitive analyses, pricing policies, employee lists, and the substance of agreements with landlords, tenants, subtenants, customers, suppliers and others. The term "confidential information" also includes information that the Corporation has in its possession from third parties, that such third parties claim to be confidential or proprietary, and which the Corporation has agreed to keep confidential. However, the term "confidential information" as used in this Agreement shall not include information that is generally known to the public or in the trade as a result of having been disclosed by the Corporation in a press release or in a filing by the Corporation with the U.S. Securities and Exchange Commission. The Independent Contractor shall keep and maintain all confidential information in complete secrecy, and shall not use for itself or others, or divulge to others, any knowledge, data or other information relating to any matter which is confidential information relating to the Corporation obtained by the Independent Contractor as a result of its Services, unless authorized in writing by the Corporation in advance of such use or disclosure. All written information made available to the Independent Contractor by the Corporation, which concerns the business activities of the Corporation, shall be the Corporation's property and shall, if requested in writing by the Corporation, be delivered to it on the termination or expiration of this Agreement.

12.2 The Independent Contractor acknowledges that money alone will not adequately compensate the Corporation for breach of any confidentiality agreement herein and, therefore, agrees that in the event of the breach or threatened breach of such agreement, in addition to other rights and remedies available to the Corporation, at law, in equity or otherwise, the Corporation shall be entitled to injunctive relief compelling specific performance of, or other compliance with, the terms hereof, and such rights and remedies shall be cumulative.

Section Thirteen
Indemnification

13.1 The Independent Contractor shall defend, indemnify and hold harmless the Corporation (including, without limitation, the Corporation's successors, assigns, subsidiaries, affiliates and contractors and their respective officers, directors, employees, agents and other representatives) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by Independent Contractor in connection with the performance of Services, or based upon any violation of any applicable statute, law, ordinance, code or regulation. The Independent Contractor shall also defend, indemnify and hold harmless the Corporation against all liability and loss in connection with, and shall assume full responsibility for, payment of all federal, state, or local income taxes imposed or required under applicable laws with respect to Services performed and compensation paid the Independent Contractor under this Agreement.

13.2 Notwithstanding anything contained in the preceding paragraph, the Corporation shall defend, indemnify and hold harmless the Independent Contractor (including, without limitation, the Independent Contractor's successors, assigns, subsidiaries, affiliates and contractors and their respective officers, directors, employees, agents and other representatives) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by the Corporation in connection with the Corporation's performance of its obligations under this Agreement (including, but not limited to, claims based upon the material supplied to the Independent Contractor by the Corporation and utilized by the Independent Contractor in performing the Services), or based upon any violation of any applicable statute, law, ordinance, code or regulation.

Section Fourteen
Compliance with Laws

The parties agree that all obligations to be performed by the parties under this Agreement shall be performed in compliance with all then applicable federal, state and local laws and regulations.

Section Fifteen
Approvals

15.1 In addition to approvals required by other Sections of this Agreement, the Independent Contractor shall seek to obtain the Corporation's written approval in advance of all expenditures in excess of four thousand dollars ($4,000.00) incurred in connection with the rendering of Services and for which the Independent Contractor seeks reimbursement from the Corporation. In addition, all estimates presented to the Corporation by the Independent Contractor for the Corporation's consideration and/or approval shall be carefully prepared and shall be based upon reasonable assumptions using the Independent Contractor's best judgment.

15.2 All approvals by the Corporation must be in writing and shall be sought from the President and Chief Executive Officer of the Corporation, or such other person that the Board of Directors may designate in writing from time to time. As of the date of this Agreement the President and Chief Executive Officer of the Corporation is John J. Schultz. If the Corporation fails to approve in writing any matter submitted for approval within fifteen (15) days from the date of its submission, then the matter submitted for approval shall be deemed to be disapproved.

Section Sixteen
Notices

All notices and other communications required or permitted to be given under this Agreement by one party to another shall be in writing and the same shall be deemed effective when delivered (i) in person, (ii) by United States certified or registered first class or priority mail, return receipt requested, (iii) by nationally-recognized overnight delivery or courier service, or (iv) by facsimile transmission (781-449-8666 for the Corporation, and 570-820-7014 for the Independent Contractor), and addressed to the party's principal offices set forth on page one of this Agreement, or at such other address or facsimile telephone number as may be designated in writing by such party to the other in accordance with the requirements of this Section 16.

Section Seventeen
Governing Law

The place of this Agreement, its status, or forum is at all times in the County of Norfolk, Commonwealth of Massachusetts, in which County and Commonwealth all matters, whether sounding in contract or in tort relating to the validity, construction, interpretation, and enforcement of this Agreement, shall be determined. This Agreement shall be construed and enforced according to the laws of Massachusetts without regard to its principles of conflicts of laws. Any action on the Agreement or arising out of its terms and conditions shall be instituted and litigated in the courts of the Commonwealth of Massachusetts. In accordance, the parties submit to the jurisdiction of the courts of the Commonwealth of Massachusetts. The prevailing party in any such litigation shall be entitled to recover its reasonable attorneys' fees in addition to any damages that may result from a breach of this Agreement.

Section Eighteen
Miscellaneous

This Agreement may not be modified, amended, or waived, except by a writing executed by both parties hereto. This Agreement, and all attached or referenced schedules, exhibits and attachments, constitutes the full and entire understanding and agreement between the two parties with regard to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter. The section headings herein are for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation of this Agreement or the provisions hereof. Neither this Agreement nor any interest therein, or claim thereunder, shall be assigned or transferred by the Independent Contractor to any party or parties. If any provision of this Agreement shall to any extent be invalid or unenforceable, such invalid or unenforceable provision shall be reformed to the extent required to make it valid and enforceable to the maximum extent possible under law, and the remainder of this Agreement shall not be affected thereby, with each provision hereof being valid and enforceable to the fullest extent permitted by law. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have signed, sealed and delivered this Consulting Agreement in duplicate, each of which is deemed an original, as of the Effective Date.

ATTEST: DESIGNS, INC.

/s/ Jeffrey M. Unger

By: /s/ John J. Schultz
(Signature)
Print Name: John J. Schultz
Print Title: President and Chief Executive Officer

/s/ Jeffrey M. Unger

By: /s/ Kenneth F. Rogers, Jr.
(Signature)
Print Name: Kenneth F. Rogers, Jr.
Print Title: Senior Vice President, Chief Financial Officer and Treasurer

ATTEST: JEWELCOR MANAGEMENT, INC.

/s/ Joseph A. Lakowski

By: /s/ Richard L. Huffsmiths
(Signature)
Print Name: Richard L. Huffsmiths
Print Title: Vice President/ General Counsel

SCHEDULE A

Consulting Agreement
Between
JEWELCOR MANAGEMENT, INC.
And
DESIGNS, INC.

Dated as of
October 28, 1999

SERVICES

The services to be performed by the Independent Contractor are to assist in developing and assist in implementing a strategic operating plan, which assistance shall include:

(a) assist in seeking to reduce operating expenses and overhead, merchandising, budgeting, financing, real estate, insurance, corporate development, and investor relations;

(b) assist in seeking to identify and hire certain management level employees;

(c) assist in analysis and negotiation of business relationships;

(d) assist in analysis, drafting and negotiation of arrangements with certain executive officers and others; and

(e) such other services as the Board of Directors may reasonably request from time to time.

SCHEDULE B

Form of Non-Qualified Stock Option

DESIGNS, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

400,000	October 28, 1999
No. of Shares	Date

Designs, Inc., a Delaware corporation (the "Company"), hereby grants to

Jewelcor Management, Inc., a Nevada corporation

(the "Optionee"), an Option to purchase on or prior to April 28, 2002 (the "Expiration Date") all or any part of 400,000 shares (the "Option Shares") of the Company's Common Stock, $0.01 par value per share ("Common Stock"), at a price of $1.15625 per share in accordance with the schedule set forth in Section 1 hereof. This Option shall be governed by the laws of The Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

1. Vesting Schedule. This Option shall become vested and exercisable with respect to the following number of Option Shares according to the timetable set forth below:

	Percentage of Option Shares Becoming Available for Exercise	Cumulative Percentage Available
Before November 11, 1999	0%	0%
On and after November 11, 1999	100%	100%

2. Manner of Exercise. The Optionee may exercise this Option only in the following manner: from time to time on or prior to the Expiration Date of this Option, the Optionee may give written notice to the Company of its election to purchase some or all of the vested Option Shares purchasable at the time of such notice. Said notice shall specify the number of shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (1) in cash, by certified or bank check or other instrument acceptable to the Board of Directors of the Company; or (2) in the form of shares of Common Stock that are not then subject to any restrictions (subject to the discretion of the Board of Directors of the Company); or (3) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Board of Directors of the Company shall prescribe, if any, as a condition of such payment procedure. Payment instruments will be received subject to collection.

The delivery of certificates representing the Option Shares will be contingent upon the Company's receipt from the Optionee of full payment therefor, as set forth above, and any agreement, statement or other evidence as the Company may require to satisfy to itself that the issuance of Option Shares to be purchased pursuant to the exercise of Options and any subsequent resale of the shares will be in compliance with applicable laws and regulations.

If requested upon the exercise of this Option, certificates for shares may be issued in the name of the Optionee jointly with another person, and the foregoing representations shall be modified accordingly.

Notwithstanding any other provision hereof, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Non-transferability of Option. This Option shall not be transferable by the Optionee and shall be exercisable only by the Optionee, except, upon written notice to the Company, the Optionee may transfer this Option to an entity wholly owned by the Optionee.

4. Option Shares. The Option Shares are shares of the Common Stock of the Company as constituted on the date of grant of this Option. In the event that the Company effects a stock dividend, stock split or similar change in capitalization affecting Common Stock, the Board of Directors of the Company shall make appropriate adjustments in (i) the number of Option Shares remaining subject to this Option, and (ii) the purchase price per share at which the Optionee may purchase Option Shares hereunder. In the event of any merger, consolidation, dissolution or liquidation of the Company, the Board of Directors, in its sole discretion may make such substitution or adjustment in the number of Option Shares purchasable pursuant to this Option and in the purchase price per share at which the Optionee may purchase Option Shares hereunder at it may determine and as may be permitted by the terms of such transaction, or accelerate, amend or terminate this Option upon such terms and conditions as it shall provide (which, in the case of the termination of the vested portion of the Option Shares hereunder, shall require payment or other consideration which the Board of Directors deems equitable in the circumstances).

5. No Special Rights. This Option will not confer upon the Optionee any additional rights other than those described herein.

6. Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock which may be purchased by exercise of this Option unless and until a certificate or certificates representing such shares are duly issued and delivered to the Optionee. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

7. Qualification under Section 422. It is understood and intended that the Option granted hereunder shall not qualify as an "incentive stock option" as defined in Section 422 of the Code.

8. Miscellaneous. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to Optionee at the address set forth below or, in either case, at such other address for a party as such party may subsequently furnish to the other party in writing.

DESIGNS, INC.

By: /s/ Kenneth F. Rogers, Jr.
(Signature)
Print Name: Kenneth F. Rogers, Jr.
Print Title: Senior VP & CFO

Receipt of the foregoing Option is acknowledged and its terms and conditions are hereby agreed to:

JEWELCOR MANAGEMENT, INC.

Date: March 31, 2000

By: /s/ Richard L. Huffsmiths
(Signature)
Print Name: Richard L. Huffsmiths
Print Title: Vice President/General Counsel

100 North Wilkes-Barre Boulevard
Wilkes-Barre, Pennsylvania 18702

Exhibit 10.21

Consulting Agreement

This Consulting Agreement (this "Agreement") is entered into and effective as of October 28, 1999 (the "Effective Date"), by and between Designs, Inc., a Delaware corporation (the "Corporation"), with its principal executive offices located at 66 B Street, Needham, Massachusetts 02494, and John J. Schultz, an individual residing at 142 Wilton Road West, Ridgefield, Connecticut 06877 (the "Independent Contractor").

Recitals

WHEREAS, the Corporation desires to retain the Independent Contractor to perform the services described in Schedule A attached hereto and incorporated herein by reference (the "Services"); and

WHEREAS, the Independent Contractor agrees to perform the Services for the Corporation under the terms and conditions set forth in this Agreement, it being expressly understood that the Independent Contractor shall perform Services as an independent contractor and nothing contained herein shall be construed to be inconsistent with this relationship or status.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and the Independent Contractor hereby agree as follows:

Section One
Representations and Warranties of the Independent Contractor

The Independent Contractor represents, warrants, covenants and agrees that:

(a) this Agreement has been duly and validly authorized, executed and delivered by the Independent Contractor, and constitutes the valid and binding obligation of the Independent Contractor, and is enforceable against the Independent Contractor in accordance with its terms; and

(b) the execution, delivery and performance by the Independent Contractor of this Agreement does and will not (1) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Independent Contractor is a party; or (2) violate any law, judgment, decree, order, rule or regulation applicable to the Independent Contractor.

Section Two
Representations and Warranties of the Corporation

The Corporation represents, warrants, covenants and agrees that:

(a) the Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) the Corporation has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations under this Agreement;

(c) this Agreement has been duly and validly authorized, executed and delivered by the Corporation, and constitutes the valid and binding obligation of the Corporation, and is enforceable against the Corporation in accordance with its terms; and

(d) the execution, delivery and performance by the Corporation of this Agreement does and will not (1) violate or conflict with any provision of the Corporation's Certificate of Incorporation or by-laws; (2) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Corporation is a party; or (3) violate any law, judgment, decree, order, rule or regulation applicable to the Corporation.

Section Three
Nature of the Services

In accordance with the terms and conditions of this Agreement, the Independent Contractor shall, to the extent requested from time to time by the Corporation, perform consulting Services for the benefit of the Corporation with respect to all matters relating to or affecting all items contained in Schedule A attached hereto. The Independent Contractor shall perform such additional Services as may be agreed to by both parties from time to time in writing which, when so agreed, shall be deemed incorporated into this Agreement. The Independent Contractor shall perform Services at the direction, and subject to the supervision, of the Board of Directors of the Corporation. As a part of the Independent Contractor's consulting Services, the Independent Contractor shall review, analyze, and make suggestions to the Corporation on all matters included in Schedule A attached hereto. The Independent Contractor agrees and stipulates that this Agreement is a personal service contract under which Services shall be performed by the Independent Contractor. The Independent Contractor shall furnish the Corporation with a properly completed Request for Taxpayer Identification Number and Certification on Form W-9. The Corporation shall forward the appropriate Form W-9 to the Independent Contractor.

Section Four

Compensation

4.1 As consideration for the Services to be rendered by the Independent Contractor under this Agreement, the Corporation shall:

(a) Pay the Independent Contractor the sum of Two Thousand Dollars ($2,000.00), in cash, for each day (consisting of at least eight hours of work which may be spread among one or more days) during which the Independent Contractor performs meaningful Services beyond work performed to fulfill the Independent Contractor's duties as a member of the Corporation's Board of Directors and its committees, such amount payable in arrears monthly following the Corporation's receipt of an invoice that describes in reasonable detail the Services performed daily during the month.

(b) As of the Effective Date and on January 3, 2000 deliver to the Independent Contractor a non-qualified stock option, each exercisable for up to 15,000 shares of the Corporation's Common Stock, $0.01 par value per share ("Common Stock"), at a purchase per share equal to the closing price of shares of Common Stock as reported by the NASDAQ Stock Market, Inc. on the Effective Date and on January 3, 2000, respectively. Each such stock option

shall be become immediately exercisable on their respective dates of grant. Each such stock option shall expire ten (10) years following the date of grant. Each such stock option shall be evidenced by a Non-Qualified Stock Option Agreement substantially in the form of the form of option agreement attached as Schedule B hereto.

4.2 Subject to Section 15 hereof, the Corporation shall reimburse the Independent Contractor within thirty (30) days following receipt of documentation that satisfies the Corporation's travel and expense reimbursement policies, an amount equal to the actual and direct cost of all reasonable out-of-pocket expenses incurred by the Independent Contractor in the rendering of Services under this Agreement. The Independent Contractor hereby acknowledges that it has received in writing, read and understands the Corporation's travel and expense reimbursement policies in effect as of the Effective Date.

Section Five
Duration

The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until February 3, 2001, unless and until terminated earlier by the Corporation or the Independent Contractor, with or without cause, by giving the other party thirty (30) days advance written notice. The provisions of Sections 5, 11, 12, 13 and 14 hereof shall survive any such expiration or early termination of this Agreement.

Section Six
Place of Work

It is understood that the Services shall be rendered primarily from the Corporation's principal executive offices in Needham, Massachusetts, but that the Independent Contractor shall from time to time travel to such other places as may be necessary to perform Services for the benefit of the Corporation.

Section Seven
Time Devoted To Work

In performing the Services, the hours that the Independent Contractor works on any given day shall be entirely within the Independent Contractor's control and the Corporation shall rely upon the Independent Contractor to determine the number of hours reasonably necessary to fulfill the spirit and purpose of this Agreement.

Section Eight
Status of Independent Contractor

The Independent Contractor and the Corporation acknowledge and agree that the Independent Contractor shall perform the Services hereunder as an "independent contractor" and not as an employee of the Corporation, and nothing herein shall be construed to be inconsistent with this relationship or status. Accordingly, it is expressly understood and agreed between the parties hereto that the Independent Contractor is solely responsible for all labor and expenses in connection with the performance of every obligation of the Independent Contractor hereunder. The Independent Contractor assumes the responsibility for furnishing the Services hereunder and shall withhold and pay when due all employment taxes required by federal, state and local laws,

including, without limitation, all social security and withholding taxes, and contributions for unemployment compensation funds. The Independent Contractor acknowledges and understands that the Corporation will not maintain worker's compensation, health or liability insurance on behalf of the Independent Contractor.

Section Nine
Materials and Equipment

Except as provided herein, the Independent Contractor shall furnish, at his own expense, all materials and equipment, if any, necessary to carry out the terms of this Agreement.

Section Ten
Work Standards

The Independent Contractor shall adhere to professional standards and shall perform all Services required under this Agreement in manner consistent with generally accepted procedural standards.

Section Eleven
Copyrights and Patents

The Corporation shall own all copyrights and/or patents developed by the Independent Contractor while performing the Services provided under this Agreement. All improvements, discoveries, ideas, inventions, concepts, trade names, trademarks, service marks, logos, processes, products, computer programs or software, subroutines, source codes, object codes, algorithms, machines, apparatuses, items of manufacture or composition of matter, or any new uses therefore or improvements thereon, or any new designs or modifications or configurations of any kind, or work of authorship of any kind, including, without limitation, compilations and derivative works, and techniques (whether or not copyrightable or patentable) conceived, developed, reduced to practice or otherwise made by the Independent Contractor and in any way related to the rendering of Services under this Agreement shall become property of the Corporation. The Independent Contractor agrees to assign, and hereby does assign, to the Corporation any and all copyrights, patents and propriety rights in any such invention to the Corporation, together with the right to file and/or own wholly without restrictions applications for United States and foreign patents, trademark registration and copyright registration and any patent, or trademark or copyright registration issuing thereon.

Section Twelve
Privileged and Confidential Information

12.1 The Corporation and the Independent Contractor acknowledge that the Corporation has acquired and developed, and will continue to acquire and develop, information related to its business and its industry which is secret and confidential in character and is and will continue to be of great and unique value to the Corporation and its subsidiaries and affiliates. The term "confidential information" as used in this Agreement shall mean all trade secrets, propriety information and other data or information (and any tangible evidence, record or representation thereof), whether prepared, conceived or developed by an employee of the Corporation or received by the Corporation from an outside source (including the Independent Contractor), which is in the possession of the Corporation, which is maintained in confidence by

the Corporation or any subsidiary or affiliate of the Corporation or which might permit the Corporation or any subsidiary or affiliate of the Corporation or any of their respective customers to obtain a competitive advantage over competitors who do not have access to such trade secrets, proprietary information, or other data or information, including, without limitation, information concerning the Corporation's seasonal and product line plans, store and brand image and trade dress developments and strategies, business plans, real estate leasing terms, conditions and plans, occupancy costs, customers, suppliers, designs, advertising plans, marketing plans, merchandising plans, market studies and forecasts, competitive analyses, pricing policies, employee lists, and the substance of agreements with landlords, tenants, subtenants, customers, suppliers and others. The term "confidential information" also includes information that the Corporation has in its possession from third parties, that such third parties claim to be confidential or proprietary, and which the Corporation has agreed to keep confidential. However, the term "confidential information" as used in this Agreement shall not include information that is generally known to the public or in the trade as a result of having been disclosed by the Corporation in a press release or in a filing by the Corporation with the U.S. Securities and Exchange Commission. The Independent Contractor shall keep and maintain all confidential information in complete secrecy, and shall not use for himself or others, or divulge to others, any knowledge, data or other information relating to any matter which is confidential information relating to the Corporation obtained by the Independent Contractor as a result of his Services, unless such use or disclosure is required by law or is authorized in writing by the Corporation in advance of such use or disclosure. All written information made available to the Independent Contractor by the Corporation, which concerns the business activities of the Corporation, shall be the Corporation's property and shall, if requested in writing by the Corporation, be delivered to it on the termination or expiration of this Agreement.

12.2 The Independent Contractor acknowledges that money alone will not adequately compensate the Corporation for breach of any confidentiality agreement herein and, therefore, agrees that in the event of the breach or threatened breach of such agreement, in addition to other rights and remedies available to the Corporation, at law, in equity or otherwise, the Corporation shall be entitled to injunctive relief compelling specific performance of, or other compliance with, the terms hereof, and such rights and remedies shall be cumulative.

Section Thirteen
Indemnification

13.1 The Independent Contractor shall defend, indemnify and hold harmless the Corporation (including, without limitation, the Corporation's successors, assigns, subsidiaries, affiliates and contractors and their respective officers, directors, employees, agents and other representatives) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by Independent Contractor in connection with the performance of Services, or based upon any violation of any applicable statute, law, ordinance, code or regulation. The Independent Contractor shall also defend, indemnify and hold harmless the Corporation against all liability and loss in connection with, and shall assume full responsibility for, payment of all federal, state, or local income taxes imposed or required under applicable laws with respect to Services performed and compensation paid the Independent Contractor under this Agreement.

13.2 Notwithstanding anything contained in the preceding paragraph, the Corporation shall defend, indemnify and hold harmless the Independent Contractor (including, without

limitation, the Independent Contractor's heirs and survivors, and his other successors, assigns, affiliates and contractors) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by the Corporation in connection with the Corporation's performance of its obligations under this Agreement (including, but not limited to, claims based upon the material supplied to the Independent Contractor by the Corporation and utilized by the Independent Contractor in performing the Services), or based upon any violation of any applicable statute, law, ordinance, code or regulation.

Section Fourteen
Compliance with Laws

The parties agree that all obligations to be performed by the parties under this Agreement shall be performed in compliance with all then applicable federal, state and local laws and regulations.

Section Fifteen
Approvals

15.1 In addition to approvals required by other Sections of this Agreement, the Independent Contractor shall seek to obtain the Corporation's written approval in advance of all expenditures in excess of two thousand dollars ($2,000.00) incurred in connection with the rendering of Services and for which the Independent Contractor seeks reimbursement from the Corporation. In addition, all estimates presented to the Corporation by the Independent Contractor for the Corporation's consideration and/or approval shall be carefully prepared and shall be based upon reasonable assumptions using the Independent Contractor's best judgment.

15.2 All approvals by the Corporation must be in writing and shall be sought from the Chief Financial Officer of the Corporation, or such other person that the Board of Directors may designate in writing from time to time. If the Corporation fails to approve in writing any matter submitted for approval within fifteen (15) days from the date of its submission, then the matter submitted for approval shall be deemed to be disapproved.

Section Sixteen
Notices

All notices and other communications required or permitted to be given under this Agreement by one party to another shall be in writing and the same shall be deemed effective when delivered (i) in person, (ii) by United States certified or registered first class or priority mail, return receipt requested, (iii) by nationally-recognized overnight delivery or courier service, or (iv) by facsimile transmission (781.449.8666 for the Corporation, and 203.438.3852 for the Independent Contractor), and addressed to the party's principal offices set forth on page one of this Agreement, or at such other address or facsimile telephone number for a party as may be designated in writing by such party to the other in accordance with the requirements of this Section 16.

Section Seventeen
Governing Law

The place of this Agreement, its status, or forum is at all times in the County of Norfolk, Commonwealth of Massachusetts, in which County and Commonwealth all matters, whether sounding in contract or in tort, relating to the validity, construction, interpretation, and enforcement of this Agreement, shall be determined. This Agreement shall be construed and enforced according to the laws of Massachusetts without regard to its principles of conflicts of laws. Any action on the Agreement or arising out of its terms and conditions shall be instituted and litigated in the courts of the Commonwealth of Massachusetts. In accordance, the parties submit to the jurisdiction of the courts of the Commonwealth of Massachusetts. The prevailing party in any such litigation shall be entitled to recover reasonable attorneys' fees in addition to any damages that may result from a breach of this Agreement.

Section Eighteen
Miscellaneous

This Agreement may not be modified, amended, or waived, except by a writing executed by both parties hereto. This Agreement, and all attached or referenced schedules, exhibits and attachments, constitutes the full and entire understanding and agreement between the two parties with regard to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter. The section headings herein are for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation of this Agreement or the provisions hereof. Neither this Agreement nor any interest therein, or claim thereunder, shall be assigned or transferred by the Independent Contractor to any party or parties. If any provision of this Agreement shall to any extent be invalid or unenforceable, such invalid or unenforceable provision shall be reformed to the extent required to make it valid and enforceable to the maximum extent possible under law, and the remainder of this Agreement shall not be affected thereby, with each provision hereof being valid and enforceable to the fullest extent permitted by law. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have signed, sealed and delivered this Consulting Agreement in duplicate, each of which is deemed an original, as of the Effective Date.

ATTEST:

/s/ Anthony E. Hubbard

DESIGNS, INC.

By: /s/ Kenneth F. Rogers, Jr.
(Signature)
Print Name: Kenneth F. Rogers, Jr.
Print Title: Sr. VP & CFO

WITNESS:

_____

/s/ John J. Schultz
(Signature)
Print Name: John J. Schultz

SCHEDULE A

Consulting Agreement
Between
JOHN J. SCHULTZ.
And
DESIGNS, INC.

Dated as of
October 28, 1999

SERVICES

The Services to be performed by the Independent Contractor, for so long as the Independent Contractor holds the offices of President and Chief Executive Officer of the Corporation, are:

A. to carry out the duties as are commonly incident to a President and Chief Executive Officer of a corporation that operates retail stores located in and outside of the United States and that has securities that are publicly traded on a national securities exchange or quoted in an automated interdealer quotation system; and

B. to carry out such other duties as the Board of Directors of the Corporation may from time to time designate.

The Services to be performed by the Independent Contractor, in the event that the Independent Contractor shall not hold the offices of President and Chief Executive Officer of the Corporation and this Agreement remains in effect, shall be to carry out those duties as the Board of Directors of the Corporation may designate.

SCHEDULE B

Form of Non-Qualified Stock Option Agreement

DESIGNS, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

15,000	October 28, 1999
No. of Shares	Date

Designs, Inc., Delaware corporation (the "Company"), hereby grants to

John J. Schultz

(the "Optionee") an Option to purchase on or prior to October 28, 2009 (the "Expiration Date") all or any part of 15,000 shares (the "Option Shares") of the Company's Common Stock, $0.01 par value per share ("Common Stock"), at a price of $1.15625 per share, subject to the terms and conditions set forth herein. This Option shall be governed by the laws of Massachusetts, without regard to its principles of conflicts of laws.

1. Vesting. This Option is immediately and fully vested and is exercisable with respect to all of the Option Shares.

2. Manner of Exercise. The Optionee may exercise this Option only in the following manner: from time to time on or prior to the Expiration Date of this Option, the Optionee may give written notice to the Company of his election to purchase some or all of the vested Option Shares purchasable at the time of such notice. Said notice shall specify the number of shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (1) in cash, by certified or bank check or other instrument acceptable to the Board of Directors of the Company; or (2) in the form of shares of Common Stock that are not then subject to any restrictions (subject to the discretion of the Board of Directors of the Company); or (3) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Board of Directors of the Company shall prescribe, if any, as a condition of such payment procedure. Payment instruments will be received subject to collection.

The delivery of certificates representing the Option Shares will be contingent upon the Company's receipt from the Optionee of full payment therefor, as set forth above, and any agreement, statement or other evidence as the Company may require to satisfy to itself that the issuance of Option Shares to be pursuant to the exercise of Options and any subsequent resale of the shares will be in compliance with applicable laws and regulations.

If requested upon the exercise of this Option, certificates for shares may be issued in the name of the Optionee jointly with another person, or in the name of the executor or administrator of the Optionee's estate.

Notwithstanding any other provision hereof, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Non-transferability of Option. This Option shall not be transferable by the Optionee otherwise than by will or by the laws of descent and distribution and this Option shall be exercisable, during the Optionee's lifetime, only by the Optionee.

4. Option Shares. The Option Shares are shares of the Common Stock of the Company as constituted on the date of grant of this Option. In the event that the Company effects a stock dividend, stock split or similar change in capitalization affecting Common Stock, the Board of Directors of the Company shall make appropriate adjustments in (i) the number of Option Shares remaining subject to this Option, and (ii) the purchase price per share at which the Optionee may purchase Option Shares hereunder. In the event of any merger, consolidation, dissolution or liquidation of the Company, the Board of Directors, in its sole discretion may make such substitution or adjustment in the number of Option Shares purchasable pursuant to this Option and in the purchase price per share at which the Optionee may purchase Option Shares hereunder at it may determine and as may be permitted by the terms of such transaction, or accelerate, amend or terminate this Option upon such terms and conditions as it shall provide (which, in the case of the termination of the vested portion of the Option Shares hereunder, shall require payment or other consideration which the Board of Directors deems equitable in the circumstances).

5. No Special Rights. This Option will not confer upon the Optionee any additional rights other than those described herein.

6. Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock which may be purchased by exercise of this Option unless and until a certificate or certificates representing such shares are duly issued and delivered to the Optionee. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

7. Qualification under Section 422. It is understood and intended that the Option granted hereunder shall not qualify as an "incentive stock option" as defined in Section 422 of the Code.

8. Miscellaneous. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to Optionee at the address set forth below or, in either case, at such other address for a party as such party may subsequently furnish to the other party in writing.

DESIGNS, INC.

By: /s/ Kenneth F. Rogers, Jr.
(Signature)
Print Name: Kenneth F. Rogers, Jr.
Print Title: Sr. VP &CFO

Receipt of the foregoing Option is acknowledged and its terms and conditions are hereby agreed to:

Date: _____

/s/ John J. Schultz
(Signature)
Print Name: John J. Schultz

Address: _____

_____

Exhibit 10.22

Consulting Agreement

This Consulting Agreement (this "Agreement") is entered into and effective as of December 15, 1999 (the "Effective Date"), by and between Designs, Inc., a Delaware corporation (the "Corporation"), with its principal executive offices located at 66 B Street, Needham, Massachusetts 02494, and George T. Porter, Jr., an individual residing at 2804 NW Cumberland Road, Portland, Oregon 97210 (the "Independent Contractor").

Recitals

WHEREAS, the Corporation desires to retain the Independent Contractor to perform the services described in Schedule A attached hereto and incorporated herein by reference (the "Services"); and

WHEREAS, the Independent Contractor agrees to perform the Services for the Corporation under the terms and conditions set forth in this Agreement, it being expressly understood that the Independent Contractor shall perform Services as an independent contractor and nothing contained herein shall be construed to be inconsistent with this relationship or status.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and the Independent Contractor hereby agree as follows:

Section One
Representations and Warranties of the Independent Contractor

The Independent Contractor represents, warrants, covenants and agrees that:

(a) this Agreement has been duly and validly authorized, executed and delivered by the Independent Contractor, and constitutes the valid and binding obligation of the Independent Contractor, and is enforceable against the Independent Contractor in accordance with its terms; and

(b) the execution, delivery and performance by the Independent Contractor of this Agreement does and will not (1) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Independent Contractor is a party; or (2) violate any law, judgment, decree, order, rule or regulation applicable to the Independent Contractor.

Section Two
Representations and Warranties of the Corporation

The Corporation represents, warrants, covenants and agrees that:

(a) the Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) the Corporation has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations under this Agreement;

(c) this Agreement has been duly and validly authorized, executed and delivered by the Corporation, and constitutes the valid and binding obligation of the Corporation, and is enforceable against the Corporation in accordance with its terms; and

(d) the execution, delivery and performance by the Corporation of this Agreement does and will not (1) violate or conflict with any provision of the Corporation's Certificate of Incorporation or by-laws; (2) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Corporation is a party; or (3) violate any law, judgment, decree, order, rule or regulation applicable to the Corporation.

Section Three
Nature of the Services

In accordance with the terms and conditions of this Agreement, the Independent Contractor shall, to the extent requested from time to time by the Corporation, perform consulting Services for the benefit of the Corporation with respect to all matters relating to or affecting all items contained in Schedule A attached hereto. The Independent Contractor shall perform such additional Services as may be agreed to by both parties from time to time in writing which, when so agreed, shall be deemed incorporated into this Agreement. The Independent Contractor shall perform Services at the direction, and subject to the supervision, of the President and Chief Executive Officer of the Corporation (or another executive officer of the Corporation as may be designated from time to time by the President and Chief Executive Officer or the Board of Directors of the Corporation). As a part of the Independent Contractor's consulting Services, the Independent Contractor shall review, analyze, and make suggestions to the Corporation on all matters included in Schedule A attached hereto. The Independent Contractor agrees and stipulates that this Agreement is a personal service contract under which Services shall be performed by the Independent Contractor. The Independent Contractor shall furnish the Corporation with a properly completed Request for Taxpayer Identification Number and Certification on Form W-9. The Corporation shall forward the appropriate Form W-9 to the Independent Contractor.

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Compensation

4.1 As consideration for the Services to be rendered by the Independent Contractor under this Agreement, the Corporation shall:

(a) Pay the Independent Contractor the sum of Two Thousand Dollars ($2,000.00), in cash, for each day (consisting of at least eight hours of work which may be spread among one or more days) during which the Independent Contractor performs meaningful Services beyond work performed to fulfill the Independent Contractor's duties as a member of the Corporation's Board of Directors and its committees, such amount payable in arrears monthly following the Corporation's receipt of an invoice that describes in reasonable detail the Services performed daily during the month.

(b) As of the Effective Date and on January 3, 2000 deliver to the Independent Contractor a non-qualified stock option exercisable for up to 15,000 shares of the Corporation's Common Stock, $0.01 par value per share ("Common Stock"), at a purchase per share equal to the closing price of shares of Common Stock as reported by the NASDAQ Stock Market, Inc. on the Effective Date and on January 3, 2000, respectively. Each such stock option shall be become immediately exercisable on their respective dates of grant. Each such stock option shall expire ten (10) years following the date of grant. Each such stock option shall be evidenced by a Non-Qualified Stock Option Agreement substantially in the form of the form of option agreement attached as Schedule B hereto.

4.2 Subject to Section 15 hereof, the Corporation shall reimburse the Independent Contractor within thirty (30) days following receipt of documentation that satisfies the Corporation's travel and expense reimbursement policies, an amount equal to the actual and direct cost of all reasonable out-of-pocket expenses incurred by the Independent Contractor in the rendering of Services under this Agreement. The Independent Contractor hereby acknowledges that it has received in writing, read and understands the Corporation's travel and expense reimbursement policies in effect as of the Effective Date.

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Section Six
Place of Work

It is understood that the Services shall be rendered primarily from the Independent Contractor's principal office in Portland, Oregon, but that the Independent Contractor shall, upon request of the Corporation, travel to the Corporation's executive offices located at 66 B Street, Needham, Massachusetts, or such other places as may be designated by the Corporation.

Section Seven
Time Devoted To Work

In performing the Services, the hours that the Independent Contractor works on any given day shall be entirely within the Independent Contractor's control and the Corporation shall rely upon the Independent Contractor to determine the number of hours reasonably necessary to fulfill the spirit and purpose of this Agreement.

Section Eight
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The Independent Contractor shall adhere to professional standards and shall perform all Services required under this Agreement in manner consistent with generally accepted procedural standards.

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The Corporation shall own all copyrights and/or patents developed by the Independent Contractor while performing the Services provided under this Agreement. All improvements, discoveries, ideas, inventions, concepts, trade names, trademarks, service marks, logos, processes, products, computer programs or software, subroutines, source codes, object codes, algorithms, machines, apparatuses, items of manufacture or composition of matter, or any new uses therefore or improvements thereon, or any new designs or modifications or configurations of any kind, or work of authorship of any kind, including, without limitation, compilations and derivative works, and techniques (whether or not copyrightable or patentable) conceived, developed, reduced to practice or otherwise made by the Independent Contractor and in any way related to the rendering of Services under this Agreement shall become property of the Corporation. The Independent Contractor agrees to assign, and hereby does assign, to the Corporation any and all copyrights, patents and propriety rights in any such invention to the Corporation, together with the right to file and/or own wholly without restrictions applications for United States and foreign patents, trademark registration and copyright registration and any patent, or trademark or copyright registration issuing thereon.

Section Twelve
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12.1 The Corporation and the Independent Contractor acknowledge that the Corporation has acquired and developed, and will continue to acquire and develop, information related to its business and its industry which is secret and confidential in character and is and will continue to be of great and unique value to the Corporation and its subsidiaries and affiliates. The term "confidential information" as used in this Agreement shall mean all trade secrets, propriety information and other data or information (and any tangible evidence, record or representation thereof), whether prepared, conceived or developed by an employee of the Corporation or received by the Corporation from an outside source (including the Independent Contractor), which is in the possession of the Corporation, which is maintained in confidence by the Corporation or any subsidiary or affiliate of the Corporation or which might permit the Corporation or any subsidiary or affiliate of the Corporation or any of their respective customers to obtain a competitive advantage over competitors who do not have access to such trade secrets, proprietary information, or other data or information, including, without limitation, information concerning the Corporation's seasonal and product line plans, store and brand image and trade dress developments and strategies, business plans, real estate leasing terms, conditions and plans, occupancy costs, customers, suppliers, designs, advertising plans, marketing plans, merchandising plans, market studies and forecasts, competitive analyses, pricing policies, employee lists, and the substance of agreements with landlords, tenants, subtenants, customers, suppliers and others. The term "confidential information" also includes information that the Corporation has in its possession from third parties, that such third parties claim to be confidential or proprietary, and which the Corporation has agreed to keep confidential. However, the term "confidential information" as used in this Agreement shall not include information that is generally known to the public or in the trade as a result of having been disclosed by the Corporation in a press release or in a filing by the Corporation with the U.S. Securities and Exchange Commission. The Independent Contractor shall keep and maintain all confidential information in complete secrecy, and shall not use for himself or others, or divulge to others, any knowledge, data or other information relating to any matter which is confidential information relating to the Corporation obtained by the Independent Contractor as a result of his Services, unless such use or disclosure is required by law or is authorized in writing by the Corporation in advance of such use or disclosure. All written information made available to the Independent Contractor by the Corporation, which concerns the business activities of the Corporation, shall be the Corporation's property and shall, if requested in writing by the Corporation, be delivered to it on the termination or expiration of this Agreement.

12.2 The Independent Contractor acknowledges that money alone will not adequately compensate the Corporation for breach of any confidentiality agreement herein and, therefore, agrees that in the event of the breach or threatened breach of such agreement, in addition to other rights and remedies available to the Corporation, at law, in equity or otherwise, the Corporation shall be entitled to injunctive relief compelling specific performance of, or other compliance with, the terms hereof, and such rights and remedies shall be cumulative.

Section Thirteen
Indemnification

13.1 The Independent Contractor shall defend, indemnify and hold harmless the Corporation (including, without limitation, the Corporation's successors, assigns, subsidiaries, affiliates and contractors and their respective officers, directors, employees, agents and other representatives) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by Independent Contractor in connection with the performance of Services, or based upon any violation of any applicable statute, law, ordinance, code or regulation. The Independent Contractor shall also defend, indemnify and hold harmless the Corporation against all liability and loss in connection with, and shall assume full responsibility for, payment of all federal, state, or local income taxes imposed or required under applicable laws with respect to Services performed and compensation paid the Independent Contractor under this Agreement.

13.2 Notwithstanding anything contained in the preceding paragraph, the Corporation shall defend, indemnify and hold harmless the Independent Contractor (including, without limitation, the Independent Contractor's heirs and survivors, and his other successors, assigns, affiliates and contractors) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by the Corporation in connection with the Corporation's performance of its obligations under this Agreement (including, but not limited to, claims based upon the material supplied to the Independent Contractor by the Corporation and utilized by the Independent Contractor in performing the Services), or based upon any violation of any applicable statute, law, ordinance, code or regulation.

Section Fourteen
Compliance with Laws

The parties agree that all obligations to be performed by the parties under this Agreement shall be performed in compliance with all then applicable federal, state and local laws and regulations.

Section Fifteen
Approvals

15.1 In addition to approvals required by other Sections of this Agreement, the Independent Contractor shall seek to obtain the Corporation's written approval in advance of all expenditures in excess of two thousand dollars ($2,000.00) incurred in connection with the rendering of Services and for which the Independent Contractor seeks reimbursement from the Corporation. In addition, all estimates presented to the Corporation by the Independent Contractor for the Corporation's consideration and/or approval shall be carefully prepared and shall be based upon reasonable assumptions using the Independent Contractor's best judgment.

15.2 All approvals by the Corporation must be in writing and shall be sought from the President and Chief Executive Officer of the Corporation, or such other person that the Board of

Directors may designate in writing from time to time. As of the date of this Agreement the President and Chief Executive Officer of the Corporation is John J. Schultz. If the Corporation fails to approve in writing any matter submitted for approval within fifteen (15) days from the date of its submission, then the matter submitted for approval shall be deemed to be disapproved.

Section Sixteen
Notices

All notices and other communications required or permitted to be given under this Agreement by one party to another shall be in writing and the same shall be deemed effective when delivered (i) in person, (ii) by United States certified or registered first class or priority mail, return receipt requested, (iii) by nationally-recognized overnight delivery or courier service, or (iv) by facsimile transmission (781.449.8666 for the Corporation, and 503.223.7232 for the Independent Contractor), and addressed to the party's principal offices set forth on page one of this Agreement, or at such other address or facsimile telephone number for a party as may be designated in writing by such party to the other in accordance with the requirements of this Section 16.

Section Seventeen
Governing Law

The place of this Agreement, its status, or forum is at all times in the County of Norfolk, Commonwealth of Massachusetts, in which County and Commonwealth all matters, whether sounding in contract or in tort, relating to the validity, construction, interpretation, and enforcement of this Agreement, shall be determined. This Agreement shall be construed and enforced according to the laws of Massachusetts without regard to its principles of conflicts of laws. Any action on the Agreement or arising out of its terms and conditions shall be instituted and litigated in the courts of the Commonwealth of Massachusetts. In accordance, the parties submit to the jurisdiction of the courts of the Commonwealth of Massachusetts. The prevailing party in any such litigation shall be entitled to recover reasonable attorneys' fees in addition to any damages that may result from a breach of this Agreement.

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Section Eighteen
Miscellaneous

This Agreement may not be modified, amended, or waived, except by a writing executed by both parties hereto. This Agreement, and all attached or referenced schedules, exhibits and attachments, constitutes the full and entire understanding and agreement between the two parties with regard to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter. The section headings herein are for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation of this Agreement or the provisions hereof. Neither this Agreement nor any interest therein, or claim thereunder, shall be assigned or transferred by the Independent Contractor to any party or parties. If any provision of this Agreement shall to any extent be invalid or unenforceable, such invalid or unenforceable provision shall be reformed to the extent required to make it valid and enforceable to the maximum extent possible under law, and the remainder of this Agreement shall not be affected thereby, with each provision hereof being valid and enforceable to the fullest extent permitted by law. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have signed, sealed and delivered this Consulting Agreement in duplicate, each of which is deemed an original, as of the Effective Date.

ATTEST:

Anthony E. Hubbard

DESIGNS, INC.

By: /s/ John J. Schultz
(Signature)
Print Name: John J. Schultz
Print Title: President & CEO

WITNESS:

_____

/s/ George T. Porter, Jr.
(Signature)
Print Name: George T. Porter, Jr.

SCHEDULE A

Consulting Agreement
Between
GEORGE T. PORTER, JR.
And
DESIGNS, INC.

Dated as of
December 15, 1999

SERVICES

The Services to be performed by the Independent Contractor are to analyze, consult with and advise the Corporation, as requested from time to time by the Corporation, with regard to any or all of its merchandising strategies and operations and its procurement of merchandise from vendors including:

(a) review the merchandise procurement policies, practices and strategies with regard to each of the Corporation's merchandise vendors, including review, analysis and advice concerning the terms and conditions of merchandise under which the Corporation purchases merchandise from vendors;
(b) attendance at, as necessary and appropriate, meetings, trade shows and other events for the purpose of advising the Corporation as to strategy towards fostering optimal operational synergies between the Corporation and merchandise vendors; and
(c) such other related consulting services as may be agreed upon by the Corporation and the Independent Contractor in accordance with Section 3 of this Agreement.

SCHEDULE B

Form of Non-Qualified Stock Option Agreement

DESIGNS, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

15,000	December 15, 1999
No. of Shares	Date

Designs, Inc., Delaware corporation (the "Company"), hereby grants to

George T. Porter, Jr.

(the "Optionee") an Option to purchase on or prior to December 15, 2009 (the "Expiration Date") all or any part of 15,000 shares (the "Option Shares") of the Company's Common Stock, $0.01 par value per share ("Common Stock"), at a price of $1.4375 per share, subject to the terms and conditions set forth herein. This Option shall be governed by the laws of Massachusetts, without regard to its principles of conflicts of laws.

1. Vesting. This Option is immediately and fully vested and is exercisable with respect to all of the Option Shares.

2. Manner of Exercise. The Optionee may exercise this Option only in the following manner: from time to time on or prior to the Expiration Date of this Option, the Optionee may give written notice to the Company of his election to purchase some or all of the vested Option Shares purchasable at the time of such notice. Said notice shall specify the number of shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (1) in cash, by certified or bank check or other instrument acceptable to the Board of Directors of the Company; or (2) in the form of shares of Common Stock that are not then subject to any restrictions (subject to the discretion of the Board of Directors of the Company); or (3) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Board of Directors of the Company shall prescribe, if any, as a condition of such payment procedure. Payment instruments will be received subject to collection.

The delivery of certificates representing the Option Shares will be contingent upon the Company's receipt from the Optionee of full payment therefor, as set forth above, and any agreement, statement or other evidence as the Company may require to satisfy to itself that the issuance of Option Shares to be pursuant to the exercise of Options and any subsequent resale of the shares will be in compliance with applicable laws and regulations.

If requested upon the exercise of this Option, certificates for shares may be issued in the name of the Optionee jointly with another person, or in the name of the executor or administrator of the Optionee's estate.

Notwithstanding any other provision hereof, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Non-transferability of Option. This Option shall not be transferable by the Optionee otherwise than by will or by the laws of descent and distribution and this Option shall be exercisable, during the Optionee's lifetime, only by the Optionee.

4. Option Shares. The Option Shares are shares of the Common Stock of the Company as constituted on the date of grant of this Option. In the event that the Company effects a stock dividend, stock split or similar change in capitalization affecting Common Stock, the Board of Directors of the Company shall make appropriate adjustments in (i) the number of Option Shares remaining subject to this Option, and (ii) the purchase price per share at which the Optionee may purchase Option Shares hereunder. In the event of any merger, consolidation, dissolution or liquidation of the Company, the Board of Directors, in its sole discretion may make such substitution or adjustment in the number of Option Shares purchasable pursuant to this Option and in the purchase price per share at which the Optionee may purchase Option Shares hereunder at it may determine and as may be permitted by the terms of such transaction, or accelerate, amend or terminate this Option upon such terms and conditions as it shall provide (which, in the case of the termination of the vested portion of the Option Shares hereunder, shall require payment or other consideration which the Board of Directors deems equitable in the circumstances).

5. No Special Rights. This Option will not confer upon the Optionee any additional rights other than those described herein.

6. Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock which may be purchased by exercise of this Option unless and until a certificate or certificates representing such shares are duly issued and delivered to the Optionee. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

7. Qualification under Section 422. It is understood and intended that the Option granted hereunder shall not qualify as an "incentive stock option" as defined in Section 422 of the Code.

8. Miscellaneous. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to Optionee at the address set forth below or, in either case, at such other address for a party as such party may subsequently furnish to the other party in writing.

DESIGNS, INC.

By: /s/ John J. Schultz
(Signature)
Print Name: John J. Schultz
Print Title: President & CEO

Receipt of the foregoing Option is acknowledged and its terms and conditions are hereby agreed to:

Date: _____

/s/ George T. Porter, Jr.
(Signature)
Print Name: George T. Porter, Jr.

Address: _____

_____

Exhibit 10.23

Consulting Agreement

This Consulting Agreement (this "Agreement") is entered into and effective as of November 14, 1999 (the "Effective Date"), by and between Designs, Inc., a Delaware corporation (the "Corporation"), with its principal executive offices located at 66 B Street, Needham, Massachusetts 02494, and Business Ventures International, Inc., a Florida corporation (the "Independent Contractor"), having its principal offices located at 641 Seneca Road, Great Falls, Virginia 22066.

Recitals

WHEREAS, the Corporation desires to retain the Independent Contractor to perform the services described in Schedule A attached hereto and incorporated herein by reference (the "Services"); and

WHEREAS, the Independent Contractor agrees to perform the Services for the Corporation under the terms and conditions set forth in this Agreement, it being expressly understood that the Independent Contractor shall perform Services as an independent contractor and nothing contained herein shall be construed to be inconsistent with this relationship or status.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Corporation and the Independent Contractor hereby agree as follows:

Section One
Representations and Warranties of the Independent Contractor

The Independent Contractor represents, warrants, covenants and agrees that:

(a) the Independent Contractor is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida;
(b) the Independent Contractor has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations under this Agreement;
(c) this Agreement has been duly and validly authorized, executed and delivered by the Independent Contractor, and constitutes the valid and binding obligation of the Independent Contractor, and is enforceable against the Independent Contractor in accordance with its terms; and
(d) the execution, delivery and performance by the Independent Contractor of this Agreement does not (1) violate or conflict with any provision of the Independent Contractor's charter or by-laws; (2) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Independent Contractor, its agents or employees (or any one of them) is a party; or (3) violate any law, judgment, decree, order, rule or regulation applicable to the Independent Contractor, its agents or employees (or any one of them).

Section Two
Representations and Warranties of the Corporation

The Corporation represents, warrants, covenants and agrees that:

(a) the Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;
(b) the Corporation has all necessary power and authority to execute and deliver this Agreement and to perform all of its obligations under this Agreement;
(c) this Agreement has been duly and validly authorized, executed and delivered by the Corporation, and constitutes the valid and binding obligation of the Corporation, and is enforceable against the Corporation in accordance with its terms; and
(d) the execution, delivery and performance by the Corporation of this Agreement does not (1) violate or conflict with any provision of the Corporation's Certificate of Incorporation or by-laws; (2) violate, conflict with, or result in a breach or termination of (or require any consent or approval under) any agreement, license, arrangement or understanding, whether written or oral, to which the Corporation is a party; or (3) violate any law, judgment, decree, order, rule or regulation applicable to the Corporation.

Section Three
Nature of the Services

In accordance with the terms and conditions of this Agreement, the Independent Contractor shall, to the extent requested from time to time by the Corporation, perform consulting Services for the benefit of the Corporation with respect to all matters relating to or affecting all items contained in Schedule A attached hereto. The Independent Contractor shall perform such additional Services as may be agreed to by both parties from time to time in writing which, when so agreed, shall be deemed incorporated into this Agreement. The Independent Contractor shall perform Services at the direction, and subject to the supervision, of the President and Chief Executive Officer of the Corporation (or another executive officer of the Corporation as may be designated from time to time by the President and Chief Executive Officer or the Board of Directors of the Corporation). As a part of the Independent Contractor's consulting Services, the Independent Contractor shall review, analyze, and make suggestions to the Corporation on all matters included in Schedule A attached hereto. The Independent Contractor agrees and stipulates that this Agreement is a personal

service contract under which Services shall be performed by particular agents and employees of the Independent Contractor who are subject to the approval of the Corporation from time to time. The Corporation initially approves only Robert L. Patron ("Patron") as an individual to perform Services hereunder. The Independent Contractor shall furnish the Corporation with a properly completed Request for Taxpayer Identification Number and Certification on Form W-9. The Corporation shall forward the appropriate Form W-9 to the Independent Contractor.

Section Four
Compensation

4.1 As consideration for the Services to be rendered by the Independent Contractor under this Agreement, the Corporation shall:

(a) Pay the Independent Contractor the sum of Two Thousand Dollars ($2,000.00), in cash, for each day (consisting of at least eight hours of work which may be spread among one or more days) during which Patron (and any other approved agent or employee of the Independent Contractor) performs meaningful Services beyond work performed to fulfill Patron's duties as a member of the Corporation's Board of Directors and its committees, such amount payable in arrears monthly following the Corporation's receipt of an invoice that describes in reasonable detail the Services performed daily during the month.

(b) As of the Effective Date and on January 3, 2000 deliver to the Independent Contractor a non-qualified stock option, each exercisable for up to 15,000 shares of the Corporation's Common Stock, $0.01 par value per share ("Common Stock"), at a purchase per share equal to the closing price of shares of Common Stock as reported by the NASDAQ Stock Market, Inc. on the Effective Date and on January 3, 2000, respectively. Each such stock option shall be become immediately exercisable on their respective dates of grant. Each such stock option shall expire ten (10) years following the date of grant. Each such stock option shall be evidenced by a Non-Qualified Stock Option Agreement substantially in the form of the form of option agreement attached as Schedule B hereto.

4.2 Subject to Section 15 hereof, the Corporation shall reimburse the Independent Contractor within thirty (30) days following receipt of documentation that satisfies the Corporation's travel and expense reimbursement policies, an amount equal to the actual and direct cost of all reasonable out-of-pocket expenses incurred by the Independent Contractor in the rendering of Services under this Agreement. The Independent Contractor hereby acknowledges that it has received in writing, read and understands the Corporation's travel and expense reimbursement policies in effect as of the Effective Date.

Section Five
Duration

The term of this Agreement shall commence on the Effective Date and shall continue in full force and effect until February 3, 2001, unless and until terminated earlier by the Corporation or the Independent Contractor, with or without cause, by giving the other party thirty (30) days advance written notice. The provisions of Sections 5, 11, 12, 13 and 14 hereof shall survive any such expiration or early termination of this Agreement.

Section Six
Place of Work

It is understood that the Services shall be rendered primarily from the Independent Contractor's principal office in Great Falls, Virginia, but that Patron (and any other approved agent or employee of the Independent Contractor) shall, upon request of the Corporation, travel

to the Corporation's executive offices located at 66 B Street, Needham, Massachusetts, or such other places as may be designated by the Corporation.

Section Seven
Time Devoted To Work

In performing the Services, the hours that Patron and other approved agents or employees of the Independent Contractor work on any given day shall be entirely within the Independent Contractor's control and the Corporation shall rely upon the Independent Contractor to determine the number of hours reasonably necessary to fulfill the spirit and purpose of this Agreement.

Section Eight
Status of Independent Contractor

The Independent Contractor and the Corporation acknowledge and agree that the Independent Contractor shall perform the Services hereunder as an "independent contractor" and not as agent or employee of the Corporation, and nothing herein shall be construed to be inconsistent with this relationship or status. The Independent Contractor, its agents and employees shall have no express or implied authority to act for, represent, bind or obligate the Corporation in any manner whatsoever. Accordingly, it is expressly understood and agreed between the parties hereto that the Independent Contractor is solely responsible for all labor and expenses in connection with the performance of every obligation of the Independent Contractor hereunder. The Independent Contractor assumes the responsibility for furnishing the Services hereunder and shall withhold and pay when due all employment taxes required by federal, state and local laws, including, without limitation, all social security and withholding taxes, and contributions for unemployment compensation funds. The Independent Contractor acknowledges and understands that the Corporation will not maintain worker's compensation, health or liability insurance on behalf of the Independent Contractor.

Section Nine
Materials and Equipment

Except as provided herein, the Independent Contractor shall furnish, at its own expense, all materials and equipment, if any, necessary to carry out the terms of this Agreement.

Section Ten
Work Standards

The Independent Contractor shall adhere to professional standards and shall perform all Services required under this Agreement in manner consistent with generally accepted procedural standards.

Section Eleven
Copyrights and Patents

The Corporation shall own all copyrights and/or patents developed by the Independent Contractor while performing the Services provided under this Agreement. All improvements,

discoveries, ideas, inventions, concepts, trade names, trademarks, service marks, logos, processes, products, computer programs or software, subroutines, source codes, object codes, algorithms, machines, apparatuses, items of manufacture or composition of matter, or any new uses therefore or improvements thereon, or any new designs or modifications or configurations of any kind, or work of authorship of any kind, including, without limitation, compilations and derivative works, and techniques (whether or not copyrightable or patentable) conceived, developed, reduced to practice or otherwise made by the Independent Contractor, or any of the Independent Contractor's agents or employees, and in any way related to the rendering of Services under this Agreement shall become property of the Corporation. The Independent Contractor agrees to assign, and hereby does assign (and hereby agrees to cause its agents and employees to assign), to the Corporation any and all copyrights, patents and propriety rights in any such invention to the Corporation, together with the right to file and/or own wholly without restrictions applications for United States and foreign patents, trademark registration and copyright registration and any patent, or trademark or copyright registration issuing thereon.

Section Twelve
Privileged and Confidential Information

12.1 The Corporation and the Independent Contractor acknowledge that the Corporation has acquired and developed, and will continue to acquire and develop, information related to its business and its industry which is secret and confidential in character and is and will continue to be of great and unique value to the Corporation and its subsidiaries and affiliates. The term "confidential information" as used in this Agreement shall mean all trade secrets, propriety information and other data or information (and any tangible evidence, record or representation thereof), whether prepared, conceived or developed by an employee of the Corporation or received by the Corporation from an outside source (including the Independent Contractor), which is in the possession of the Corporation, which is maintained in confidence by the Corporation or any subsidiary or affiliate of the Corporation or which might permit the Corporation or any subsidiary or affiliate of the Corporation or any of their respective customers to obtain a competitive advantage over competitors who do not have access to such trade secrets, proprietary information, or other data or information, including, without limitation, information concerning the Corporation's seasonal and product line plans, store and brand image and trade dress developments and strategies, business plans, real estate leasing terms, conditions and plans, occupancy costs, customers, suppliers, designs, advertising plans, marketing plans, merchandising plans, market studies and forecasts, competitive analyses, pricing policies, employee lists, and the substance of agreements with landlords, tenants, subtenants, customers, suppliers and others. The term "confidential information" also includes information that the Corporation has in its possession from third parties, that such third parties claim to be confidential or proprietary, and which the Corporation has agreed to keep confidential. However, the term "confidential information" as used in this Agreement shall not include information that is generally known to the public or in the trade as a result of having been disclosed by the Corporation in a press release or in a filing by the Corporation with the U.S. Securities and Exchange Commission. The Independent Contractor shall keep and maintain all confidential information in complete secrecy, and shall not use for itself or others, or divulge to others, any knowledge, data or other information relating to any matter which is confidential information relating to the Corporation obtained by the Independent Contractor as a result of its Services, unless authorized in writing by the Corporation in advance of such use or disclosure. All written information made available to the Independent Contractor by the Corporation, which concerns the business activities of the Corporation, shall be the Corporation's property and shall,

if requested in writing by the Corporation, be delivered to it on the termination or expiration of this Agreement.

12.2 The Independent Contractor acknowledges that money alone will not adequately compensate the Corporation for breach of any confidentiality agreement herein and, therefore, agrees that in the event of the breach or threatened breach of such agreement, in addition to other rights and remedies available to the Corporation, at law, in equity or otherwise, the Corporation shall be entitled to injunctive relief compelling specific performance of, or other compliance with, the terms hereof, and such rights and remedies shall be cumulative.

Section Thirteen
Indemnification

13.1 The Independent Contractor shall defend, indemnify and hold harmless the Corporation (including, without limitation, the Corporation's successors, assigns, subsidiaries, affiliates and contractors and their respective officers, directors, employees, agents and other representatives) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by Independent Contractor in connection with the performance of Services, or based upon any violation of any applicable statute, law, ordinance, code or regulation. The Independent Contractor shall also defend, indemnify and hold harmless the Corporation against all liability and loss in connection with, and shall assume full responsibility for, payment of all federal, state, or local income taxes imposed or required under applicable laws with respect to Services performed and compensation paid the Independent Contractor under this Agreement.

13.2 Notwithstanding anything contained in the preceding paragraph, the Corporation shall defend, indemnify and hold harmless the Independent Contractor (including, without limitation, the Independent Contractor's successors, assigns, subsidiaries, affiliates and contractors and their respective officers, directors, employees, agents and other representatives) from and against all liabilities, losses, claims, actions, damages, expenses (including but not limited to attorneys' fees), suits and assessments (whether proven or not) based upon or arising out of damage or injury (including death) to persons or property caused by the Corporation in connection with the Corporation's performance of its obligations under this Agreement (including, but not limited to, claims based upon the material supplied to the Independent Contractor by the Corporation and utilized by the Independent Contractor in performing the Services), or based upon any violation of any applicable statute, law, ordinance, code or regulation.

Section Fourteen
Compliance with Laws

The parties agree that all obligations to be performed by the parties under this Agreement shall be performed in compliance with all then applicable federal, state and local laws and regulations.

Section Fifteen
Approvals

15.1 In addition to approvals required by other Sections of this Agreement, the Independent Contractor shall seek to obtain the Corporation's written approval in advance of all expenditures in excess of two thousand dollars ($2,000.00) incurred in connection with the rendering of Services and for which the Independent Contractor seeks reimbursement from the Corporation. In addition, all estimates presented to the Corporation by the Independent Contractor for the Corporation's consideration and/or approval shall be carefully prepared and shall be based upon reasonable assumptions using the Independent Contractor's best judgment.

15.2 All approvals by the Corporation must be in writing and shall be sought from the President and Chief Executive Officer of the Corporation, or such other person that the Board of Directors may designate in writing from time to time. As of the date of this Agreement the President and Chief Executive Officer of the Corporation is John J. Schultz. If the Corporation fails to approve in writing any matter submitted for approval within fifteen (15) days from the date of its submission, then the matter submitted for approval shall be deemed to be disapproved.

Section Sixteen
Notices

All notices and other communications required or permitted to be given under this Agreement by one party to another shall be in writing and the same shall be deemed effective when delivered (i) in person, (ii) by United States certified or registered first class or priority mail, return receipt requested, or (iii) by nationally-recognized overnight delivery or courier service requiring a signature acknowledging receipt, and addressed to the party's principal offices set forth on page one of this Agreement, or at such other address or facsimile telephone number for a party as may be designated in writing by such party to the other in accordance with the requirements of this Section 16.

Section Seventeen
Governing Law

The place of this Agreement, its status, or forum is at all times in the County of Norfolk, Commonwealth of Massachusetts, in which County and Commonwealth all matters, whether sounding in contract or in tort relating to the validity, construction, interpretation, and enforcement of this Agreement, shall be determined. This Agreement shall be construed and enforced according to the laws of Massachusetts without regard to its principles of conflicts of laws. Any action on the Agreement or arising out of its terms and conditions shall be instituted and litigated in the courts of the Commonwealth of Massachusetts. In accordance, the parties submit to the jurisdiction of the courts of the Commonwealth of Massachusetts. The prevailing party in any such litigation shall be entitled to recover its reasonable attorneys' fees in addition to any damages that may result from a breach of this Agreement.

Section Eighteen
Miscellaneous

This Agreement may not be modified, amended, or waived, except by a writing executed by both parties hereto. This Agreement, and all attached or referenced schedules, exhibits and attachments, constitutes the full and entire understanding and agreement between the two parties with regard to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter. The section headings herein are for convenience of reference only, are not part of this Agreement and shall have no effect on the interpretation of this Agreement or the provisions hereof. Neither this Agreement nor any interest therein, or claim thereunder, shall be assigned or transferred by the Independent Contractor to any party or parties. If any provision of this Agreement shall to any extent be invalid or unenforceable, such invalid or unenforceable provision shall be reformed to the extent required to make it valid and enforceable to the maximum extent possible under law, and the remainder of this Agreement shall not be affected thereby, with each provision hereof being valid and enforceable to the fullest extent permitted by law. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the parties have signed, sealed and delivered this Consulting Agreement in duplicate, each of which is deemed an original, as of the Effective Date.

ATTEST: DESIGNS, INC.

/s/ Anthony E. Hubbard

By: /s/ John J. Schultz
(Signature)
Print Name: John J. Schultz
Print Title: President & CEO

ATTEST: BUSINESS VENTURES INTERNATIONAL, INC.

/s/ Lynn Patron

By: /s/ Robert Patron
(Signature)
Print Name: Robert Patron
Print Title:

SCHEDULE A

Consulting Agreement
Between
BUSINESS VENTURES INTERNATIONAL, INC.
And
DESIGNS, INC.

Dated as of
November 14, 1999

SERVICES

The Services to be performed by the Independent Contractor are to analyze, consult with and advise the Corporation, as requested from time to time by the Corporation, with regard to any or all of its real estate matters including:

(a) review of the financial terms and structure of all proposed transactions and existing agreements and arrangement involving the Corporation and the leasing or acquisition of real estate and/or other type of real estate transaction;
(b) review of all documents related to all proposed transactions and existing agreements and arrangements involving the Corporation and the leasing or acquisition of real estate and/or other type of real estate transaction, such documents to include, without limitation, leases, options, lease amendments, lease terminations, option exercise notices, site plans, financial analyses and brokerage and/or consulting agreements;
(c) direct involvement, as requested by the Corporation, in negotiation of proposed transactions and re-negotiation of existing agreements and arrangements involving the Corporation and the leasing or acquisition of real estate and/or other type of real estate transaction;
(d) site visits, as necessary and appropriate, including travel for the purpose of evaluating and or negotiating transactions with respect to the Corporation's interest or potential interest in real estate; and
(e) such other related consulting services as may be agreed upon by the Corporation and the Independent Contractor in accordance with Section 3 of this Agreement.

SCHEDULE B

Form of Non-Qualified Stock Option Agreement

DESIGNS, INC.

NON-QUALIFIED STOCK OPTION AGREEMENT

15,000	November 14, 1999
No. of Shares	Date

Designs, Inc., a Delaware corporation (the "Company"), hereby grants to

Business Ventures International, Inc., a Florida corporation

(the "Optionee"), an Option to purchase on or prior to November 14, 2009 (the "Expiration Date") all or any part of 15,000 shares (the "Option Shares") of the Company's Common Stock, $0.01 par value per share ("Common Stock"), at a price of $1.375 per share, subject to the terms and conditions set forth herein. This Option shall be governed by the laws of The Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

1. Vesting. This Option is immediately and fully vested and is exercisable with respect to all of the Option Shares.

2. Manner of Exercise. The Optionee may exercise this Option only in the following manner: from time to time on or prior to the Expiration Date of this Option, the Optionee may give written notice to the Company of its election to purchase some or all of the vested Option Shares purchasable at the time of such notice. Said notice shall specify the number of shares to be purchased.

Payment of the purchase price for the Option Shares may be made by one or more of the following methods: (1) in cash, by certified or bank check or other instrument acceptable to the Board of Directors of the Company; or (2) in the form of shares of Common Stock that are not then subject to any restrictions (subject to the discretion of the Board of Directors of the Company); or (3) by the Optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price; provided that in the event the Optionee chooses to pay the option purchase price as so provided, the Optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Board of Directors of the Company shall prescribe, if any, as a condition of such payment procedure. Payment instruments will be received subject to collection.

The delivery of certificates representing the Option Shares will be contingent upon the Company's receipt from the Optionee of full payment therefor, as set forth above, and any agreement, statement or other evidence as the Company may require to satisfy to itself that the issuance of Option Shares to be purchased pursuant to the exercise of Options and any subsequent resale of the shares will be in compliance with applicable laws and regulations.

If requested upon the exercise of this Option, certificates for shares may be issued in the name of the Optionee jointly with another person, and the foregoing representations shall be modified accordingly.

Notwithstanding any other provision hereof, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Non-transferability of Option. This Option shall not be transferable by the Optionee and shall be exercisable only by the Optionee, except, upon written notice to the Company, the Optionee may transfer this Option to any of (a) an entity wholly-owned by Robert L. Patron, (b) an entity wholly-owned by the Optionee, or (c) a trust established by Robert L. Patron for estate planning purposes.

4. Option Shares. The Option Shares are shares of the Common Stock of the Company as constituted on the date of grant of this Option. In the event that the Company effects a stock dividend, stock split or similar change in capitalization affecting Common Stock, the Board of Directors of the Company shall make appropriate adjustments in (i) the number of Option Shares remaining subject to this Option, and (ii) the purchase price per share at which the Optionee may purchase Option Shares hereunder. In the event of any merger, consolidation, dissolution or liquidation of the Company, the Board of Directors, in its sole discretion may make such substitution or adjustment in the number of Option Shares purchasable pursuant to this Option and in the purchase price per share at which the Optionee may purchase Option Shares hereunder at it may determine and as may be permitted by the terms of such transaction, or accelerate, amend or terminate this Option upon such terms and conditions as it shall provide (which, in the case of the termination of the vested portion of the Option Shares hereunder, shall require payment or other consideration which the Board of Directors deems equitable in the circumstances).

5. No Special Rights. This Option will not confer upon the Optionee any additional rights other than those described herein.

6. Rights as a Shareholder. The Optionee shall have no rights as a shareholder with respect to any shares of Common Stock which may be purchased by exercise of this Option unless and until a certificate or certificates representing such shares are duly issued and delivered to the Optionee. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

7. Qualification under Section 422. It is understood and intended that the Option granted hereunder shall not qualify as an "incentive stock option" as defined in Section 422 of the Code.

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8. Miscellaneous. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to Optionee at the address set forth below or, in either case, at such other address for a party as such party may subsequently furnish to the other party in writing.

DESIGNS, INC.

By: John J. Schultz
(Signature)
Print Name:
Print Title:

Receipt of the foregoing Option is acknowledged and its terms and conditions are hereby agreed to:

BUSINESS VENTURES INTERNATIONAL, INC.

Date: Febraury 23, 2000

By: /s/ Robert Patron
(Signature)
Print Name: Robert Patron
Print Title: 2/23/00

641 Senaca Road
Great Falls, Virginia 22066

Exhibit 10.27

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made as of March 31, 2000, between DESIGNS, INC., a Delaware corporation with an office at 66 B Street, Needham, Massachusetts, 02494 (the "Company"), and David A. Levin, residing at 150 Monadnock Road, Chestnut Hill, Massachusetts 02467 (the "Executive").

W I T N E S S E T H:

WHEREAS, the Company desires that Executive be employed to serve in a senior executive capacity with the Company, and Executive desires to be so employed by the Company, upon the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations and covenants herein contained, the parties hereto agree as follows:

1. EMPLOYMENT

The Company hereby employs Executive and Executive hereby accepts such employment, subject to the terms and condition herein set forth. Executive shall hold the office of President and Chief Executive Officer reporting to the Board of Directors of the Company (the "Board of Directors").

2. TERM

The initial term of employment under this Agreement shall begin on April 10, 2000 (the "Employment Date") and shall continue for a period of two (2) years from that date, subject to prior termination in accordance with the terms hereof. However, by written notice to Executive on or prior to the first anniversary of the Employment Date, the Company has the option to extend the initial term of employment under this Agreement for an additional one year, until the third anniversary of the Employment Date. Thereafter, this Agreement shall automatically be renewed for successive one-year terms on each anniversary of the Employment Date unless either party shall give the other at least ninety (90) days written notice prior to such anniversary date that it will not renew this Agreement.

3. COMPENSATION

(a) As compensation for the employment services to be rendered by Executive hereunder, including all services as an officer and director if requested, of the Company and any of its subsidiaries and affiliates, the Company agrees to pay to Executive, and Executive agrees

to accept, payable in equal installments in accordance with Company practice, an annual base salary of $375,000.

(b) In addition to the annual base salary, Executive will be entitled to receive an annual bonus of up to fifty percent (50%) of his annual base salary (the "Discretionary Bonus Amount") depending on the performance of the Company. The Compensation Committee of the Board of Directors shall determine, in its sole discretion, the amount of the bonus to be paid to Executive. However, if the Company meets its annual projections for its fiscal budget plan, as approved by the Board of Directors, the Company shall pay Executive shall receive a bonus from the Discretionary Bonus amount equal to ten percent (10%) of his annual base salary.

4. OPTIONS

(a) The Company shall grant to the Executive 75,000 options under the Company's 1992 Stock Incentive Plan and an additional 225,000 non-qualified options which are exercisable at a purchase price per share equal to the closing price of the Common Stock on March 30, 2000. The options will vest pro rata over a three (3) years period commencing on the Employment Date, with one third of the total vesting and becoming exercisable on each of the first, second and third anniversaries of the Employment Date. If on the first anniversary date of the Employment Date, the Company does not extend the Agreement for an additional year as discussed in paragraph (2) hereof, the 300,000 options will vest pro rata over a two (2) year period commencing on the Employment Date, with one half of the total vesting and becoming exercisable on each of the first and second anniversaries of the Employment Date. If this Agreement is terminated, then all options which are not fully vested will be forfeited immediately. The Company will register at its expense, when any of the 225,000 shares subject to non-qualified options become vested and exercisable by Executive.

(b) The Executive's options will vest immediately if there is a "change in control" as defined in the Company's 1992 Stock Incentive Plan.

5. EXPENSES

The Company shall pay or reimburse Executive, in accordance with the Company's policies and procedures and upon presentment of suitable vouchers, for all reasonable business and travel expenses which may be incurred or paid by Executive in connection with his employment hereunder. Executive shall comply with such restrictions and shall keep such records as the Company may deem necessary to meet the requirements of the Internal Revenue Code of 1986, as amended from time to time, and regulations promulgated thereunder.

6. OTHER BENEFITS

(a) Executive shall be entitled to such vacations and to participate in and receive any other benefits customarily provided by the Company to its senior management personnel (including any profit sharing, pension, 401(k), short and long-term disability insurance, hospital, major medical insurance and group life insurance plans in accordance with the terms of such plans), all as determined from time to time by the Compensation Committee of the Board of Directors.

(b) The Company shall, during the term of Executive's employment hereunder, provide Executive with an automobile allowance in the amount of $600.00 per month.

7. DUTIES

(a) Executive shall perform such duties and functions as the Board of Directors of the Company shall from time to time determine and Executive shall comply in the performance of his duties with the policies of, and be subject to the direction of, the Board of Directors. Executive shall serve as an officer of the Company without further compensation.

(b) At the request of the Board of Directors, Executive shall serve, without further compensation, as an executive officer and/or director of any subsidiary or affiliate of the Company and, in the performance of such duties, Executive shall comply with the directives and policies of the Board of Directors of each such subsidiary or affiliate.

(c) The Company shall use its best efforts to cause Executive to be appointed to the Board of Directors of the Company and the next Annual Meeting of Stockholders and Executive shall serve as a Director without further compensation.

(d) During the term of this Agreement, Executive shall devote substantially all of his time and attention, vacation time and absences for sickness excepted, to the business of the Company, as necessary to fulfill his duties. Executive shall perform the duties assigned to him with fidelity and to the best of his ability. Notwithstanding anything herein to the contrary, subject to the foregoing, Executive may engage in other activities so long as such activities do not unreasonably interfere with Executive's performance of his duties hereunder and do not violate Section 10 hereof.

(e) Nothing in this Section 7 or elsewhere in this Agreement shall be construed to prevent Executive from investing or trading in nonconflicting investments as he sees fit for his own account, including real estate, stocks, bonds, securities, commodities or other forms of investments, provided such activities do not unreasonably interfere with Executive's performance of his duties hereunder.

(f) The principal location at which the Executive shall perform his duties hereunder shall be at the Company's offices in Needham, Massachusetts or at such other location as may be designated from time to time by the Board of Directors of the Company.

Notwithstanding the foregoing, Executive shall perform such services at such other locations as may be required for the proper performance of his duties hereunder, and Executive recognizes that such duties may involve travel.

8. TERMINATION OF EMPLOYMENT; EFFECT OF TERMINATION

(a) Executive's employment hereunder may be terminated at any time:

(i) upon the determination by the Board of Directors that Executive's performance of his duties has not been fully satisfactory for any reason which would not constitute justifiable cause (as hereinafter defined) upon thirty (30) days' prior written notice to Executive; or

(ii) upon the determination by the Board of Directors that there is justifiable cause (as hereinafter defined) for such termination upon ten (10) days' prior written notice to Executive.

(b) Executive's employment shall terminate upon:

(i) the death of Executive; or

(ii) the "disability" of Executive (as hereinafter defined in subsection (c) herein) pursuant to subsection (g) hereof.

(c) For the purposes of this Agreement, the term "disability" shall mean the inability of Executive, due to illness, accident or any other physical or mental incapacity, substantially to perform his duties for a period of three (3) consecutive months or for a total of six (6) months (whether or not consecutive) in any twelve (12) month period during the term of this Agreement, as reasonably determined by the Board of Directors of the Company after examination of Executive by an independent physician reasonably acceptable to Executive.

(d) For the purposes hereof, the term "justifiable cause" shall mean and be limited to: any repeated willful failure or refusal to perform any of the duties pursuant to this Agreement where such conduct shall not have ceased within 10 days following written warning from the Company; Executive's conviction (which, through lapse of time or otherwise, is not subject to appeal) of any crime or offense involving money or other property of the Company or its subsidiaries or affiliates or which constitutes a felony in the jurisdiction involved; Executive's performance of any act or his failure to act, as to which if Executive were prosecuted and convicted, a crime or offense involving money or property of the Company or its subsidiaries or affiliates, or a crime or offense constituting a felony in the jurisdiction involved, would have occurred; any unauthorized disclosure by Executive to any person, firm or corporation other than the Company, its subsidiaries or affiliates and their respective directors, officers and employees (or other persons fulfilling similar functions), of any confidential information or trade secret of the Company or any of its subsidiaries or affiliates; any attempt by Executive to secure any

personal profit in connection with the business of the Company or any of its subsidiaries and affiliates; or the engaging by Executive in any business other than the business of the Company and its subsidiaries and affiliates which unreasonably interferes with the performance of his duties hereunder. Upon termination of Executive's employment for justifiable cause, this Agreement shall terminate immediately and Executive shall not be entitled to any amounts or benefits hereunder other than such portion of Executive's annual salary and reimbursement of expenses pursuant to Section 5 hereof as has been accrued through the date of his termination of employment.

(e) If the Company terminates this Agreement without "justifiable cause" as provided in paragraph 8 (a) (i) above, the Company shall pay Executive the lesser of: (i) the base salary for the remaining term of this Agreement or (ii) an amount equal to one half of the Executive's annual base salary. If the remaining term of this Agreement on the date of termination is more than the six (6) month period for which Executive is compensated pursuant to (ii) above, the Executive must make a good faith effort to find new employment and mitigate his alleged damages and any costs and expenses to the Company. The Company will pay any amount due and owing under (i) and (ii) above in accordance with the payment schedule in 3 (a), until set amount is payable in full.

(f) If Executive shall die during the term of his employment hereunder, this Agreement shall terminate immediately. In such event, the estate of Executive shall thereupon be entitled to receive such portion of Executive's annual salary and reimbursement of expenses pursuant to Section 5 as has been accrued through the date of his death.

(g) Upon Executive's "disability", the Company shall have the right to terminate Executive's employment. Notwithstanding any inability to perform his duties, Executive shall be entitled to receive his base salary and reimbursement of expenses pursuant to Section 5 as provided herein until he begins to receive long-term disability insurance benefits under the policy provided by the Company pursuant to Section 6 hereof. Any termination pursuant to this subsection (g) shall be effective on the later of (i) the date 30 days after which Executive shall have received written notice of the Company's election to terminate or (ii) the date he begins to receive long-term disability insurance benefits under the policy provided by the Company pursuant to Section 6 hereof.

(h) Upon the resignation of Executive in any capacity, that resignation will be deemed to be a resignation from all offices and positions that Executive holds with respect to the Company and any of its subsidiaries and affiliates.

(i) In the event Executive is terminated without justifiable cause (as defined herein) within one (1) year after a Change of Control has occurred, Executive shall receive in full satisfaction of any obligation relating to Executive's employment or the termination thereof the greater of: (a) the base salary for the remaining term of this Agreement, or (b) an amount equal to

the current base salary for one (1) year. The Company must make a lump sum payment of all money due and owing within fifteen (15) days of termination.

(j) For the purposes of the paragraph 8, "Changes of Control" shall mean (i) any sale of all or substantially all of the assets of the Company to any person or group of related persons within the meaning of Section 13 (d) of the Securities Exchange Act of 1934, as amended ("Group"), (ii) any acquisition by any person or Group of shares of capital stock of the Company representing more than 50% of the aggregate voting power of the outstanding capital stock of the Company entitled under ordinary circumstances to elect the Directors of the Company ("Voting Stock") or (iii) any replacement of a majority of the Board of Directors of the Company over the twelve-month period following the acquisition of shares of the capital stock of the Company representing more than 10% of the Voting Stock by any person or Group which does not currently own more than 10% of such Voting Stock (unless such replacement shall have been approved by the vote of the majority of the Directors then in office who either were members of the Board of Directors at the beginning of such twelve-month period or whose elections as Directors was previously so approved).

9. REPRESENTATION AND AGREEMENTS OF EXECUTIVE

(a) Executive represents and warrants that he is free to enter into this Agreement and to perform the duties required hereunder, and that there are no employment contracts or understandings, restrictive covenants or other restrictions, whether written or oral, preventing the performance of his duties hereunder.

(b) Executive agrees to submit to a medical examination and to cooperate and supply such other information and documents as may be required by any insurance company in connection with the Company's obtaining life insurance on the life of Executive, and any other type of insurance or fringe benefit as the Company shall determine from time to time to obtain.

10. NON-COMPETITION

(a) Executive agrees that during his employment by the Company and during the one year period following the termination of Executive's employment hereunder (the "Non-Competitive Period"), Executive shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage in, become financially interested in, be employed by, render any consultation or business advice with respect to, or have any connection with, any business which is competitive with products or services of the Company or any of its subsidiaries and affiliates, in any geographic area in the United States of America where, at the time of the termination of his employment hereunder, the business of the Company or any of its subsidiaries and affiliates was being conducted or was proposed to be conducted in any manner whatsoever; provided, however, that Executive may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one

percent (1%) of any class of stock or securities of such corporation. In addition, Executive shall not, during the Non-Competitive Period, notify directly or indirectly, request or cause any suppliers or customers with whom the Company or any of its subsidiaries and affiliates has a business relationship to cancel or terminate any such business relationship with the Company or any of its subsidiaries and affiliates or solicit, interfere with or entice from the Company any employee (or former employee) of the Company.

(b) If any portion of the restrictions set forth in this Section 10 should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restrictions shall not thereby be adversely affected.

(c) Executive acknowledges that the Company conducts business throughout the Eastern portion of United States (all states east of the Mississippi River and Missouri) , that its sales and marketing prospects are for continued expansion throughout the United States and that, therefore, the territorial and time limitations set forth in this Section 10 are reasonable and properly required for the adequate protection of the business of the Company and its subsidiaries and affiliates. In the event any such territorial or time limitation is deemed to be unreasonable by a court of competent jurisdiction, Executive agrees to the reduction of the territorial or time limitation to the area or period which such court shall deem reasonable.

(d) The existence of any claim or cause of action by Executive against the Company or any subsidiary or affiliate shall not constitute a defense to the enforcement by the Company or any subsidiary or affiliate of the foregoing restrictive covenants, but such claim or cause of action shall be litigated separately.

11. INVENTIONS AND DISCOVERIES

(a) Upon execution of this Agreement and thereafter Executive shall promptly and fully disclose to the Company, and with all necessary detail for a complete understanding of the same, all existing and future developments, know-how, discoveries, inventions, improvements, concepts, ideas, writings, formulae, processes and Methods (whether copyrightable, patentable or otherwise) made, received, conceived, acquired or written during working hours, or otherwise, by Executive (whether or not at the request or upon the suggestion of the Company) during the period of his employment with, or rendering of advisory or consulting services to, the Company or any of its subsidiaries and affiliates, solely or jointly with others in or relating to any activities of the Company or its subsidiaries and affiliates known to him as a consequence of his employment or the rendering of advisory and consulting services hereunder (collectively the "Subject Matter").

(b) Executive hereby assigns and transfers, and agrees to assign and transfer, to the Company, all his rights, title and interest in and to the Subject Matter, and Executive further agrees to deliver to the Company any and all drawings, notes, specifications and data relating to the Subject Matter, and to execute, acknowledge and deliver all such further papers,

including applications for copyrights or patents, as may be necessary to obtain copyrights and patents for any thereof in any and all countries and to vest title thereto to the Company. Executive shall assist the Company in obtaining such copyrights or patents during the term of this Agreement, and any time thereafter on reasonable notice and at mutually convenient times, and Executive agrees to testify in any prosecution or litigation involving any of the Subject Matter; provided, however, that Executive shall be compensated in a timely manner at the rate of $1,000 per day (or portion thereof), plus out-of-pocket expenses incurred in rendering such assistance or giving or preparing to give such testimony if it is required after the termination of this Agreement.

12. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

(a) Executive shall not, during the term of this Agreement, or at any time following termination of this Agreement, directly or indirectly, disclose or permit to be known (other than as is required in the regular course of his duties (including without limitation disclosures to the Company's advisors and consultants) or as required by law (in which case Executive shall give the Company prior written notice of such required disclosure) or with the prior written consent of the Board of Directors of the Company), to any person, firm or corporation, any confidential information acquired by him during the course of, or as an incident to, his employment or the rendering of his advisory or consulting services hereunder, relating to the Company or any of its subsidiaries and affiliates, the directors of the Company or its subsidiaries and affiliates, any supplier or customer of the Company or any of their subsidiaries and affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data, know-how, market studies and forecasts, financial data, competitive analyses, pricing policies, employee lists, personnel policies, the substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, supplier lists, customer lists and any other documents embodying such confidential information. This confidentiality obligation shall not apply to any confidential information which thereafter becomes publicly available other than pursuant to a breach of this Section 12(a) by Executive.

(b) All information and documents relating to the Company and its affiliates as hereinabove described (or other business affairs) shall be the exclusive property of the Company, and Executive shall use commercially reasonable best efforts to prevent any publication or disclosure thereof. Upon termination of Executive's employment with the Company, all documents, records, reports, writings and other similar documents containing confidential information, including copies thereof then in Executive's possession or control shall be returned and left with the Company.

13. SPECIFIC PERFORMANCE

Executive agrees that if he breaches, or threatens to commit a breach of, any of the provisions of Sections 10, 11 or 12 (the "Restrictive Covenants"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law and in equity, the right to have the Restrictive Covenants specifically enforced by a court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. Notwithstanding the foregoing, nothing herein shall constitute a waiver by Executive of his right to contest whether a breach or threatened breach of any Restrictive Covenant has occurred.

14. AMENDMENT OR ALTERATION

No amendment or alteration of the terms of this Agreement shall be valid unless made in writing and signed by both of the parties hereto.

15. GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with the substantive laws of The Commonwealth of Massachusetts, without regard to its principles of conflicts of laws.

16. SEVERABILITY

The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect.

17. NOTICES

Any notices required or permitted to be given hereunder shall be sufficient if in writing, and if delivered by hand or courier, or sent by certified mail, return receipt requested, to the addresses set forth above or such other address as either party may from time to time designate in writing to the other, and shall be deemed given as of the date of the delivery or at the expiration of three days in the event of a mailing.

18. WAIVER OR BREACH

It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed as a waiver of any subsequent breach by that same party.

19. ENTIRE AGREEMENT AND BINDING EFFECT

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, supersedes all prior agreements, both written and oral, between the parties with respect to the subject matter hereof, and shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, distributors, successors and assigns.

20. SURVIVAL.

Except as otherwise expressly provided herein, the termination of Executive's employment hereunder or the expiration of this Agreement shall not affect the enforceability of Sections 5, 8, 10, 11, 12 and 13 hereof.

21. FURTHER ASSURANCES

The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

22. HEADINGS

The Section headings appearing in this Agreement are for the purposes of easy reference and shall not be considered a part of this Agreement or in any way modify, demand or affect its provisions.

23. COUNTERPARTS

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal, as of the date and year first above written.

DESIGNS, INC.

By: /s/ JOHN J. SCHULTZ 3/31/2000

Its: PRESIDENT & CEO

/s/ DAVID LEVIN

David Levin

Exhibit 10.28

SEVERANCE AGREEMENT

This Severance Agreement is made and entered into as of this 12 day of January, 2000 by and between Designs, Inc. (the "Company"), a corporation organized and existing under the laws of Delaware with a principal place of business at 66 B Street, Needham, Massachusetts 02494, and Joel H. Reichman ("Reichman"), an individual residing at 46 Ralph Road, Marblehead, Massachusetts 01945.

WHEREAS, the Company and Reichman are parties to an Employment Agreement dated as of October 16, 1995 (the "Employment Agreement") whereby Reichman was employed as President and Chief Executive Officer of the Company; and

WHEREAS, the Company and Reichman wish to resolve Reichman's separation from employment with the Company and establish the terms of Reichman's severance arrangement.

NOW THEREFORE, in consideration of the promises and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Separation Date. The Company and Reichman agree that the effective date of Reichman's separation from the Company was November 19, 1999 (the "Separation Date"). From and after the Separation Date, Reichman was no longer an employee of the Company and had no further duties or responsibilities to act on behalf of the Company, except as provided herein.

2. Severance Payments. The Company shall pay Reichman the aggregate sum of Five Hundred Seventy Three Thousand Five Hundred Fifty Seven Dollars and Fifty Cents ($573,557.50) (the "Severance Payment"), in accordance with the attached Payment Schedule. Payments shall be made by direct deposit to Reichman's account and are deemed paid on the date the deposits are made. Reichman shall be liable for, and shall pay

in full when due, any and all local, state and federal income taxes related to the Severance Payment. Reichman will receive a Form 1099 from the Company at the end of each calendar year. To the extent Reichman accepts employment after the Separation Date, the Company agrees that the Severance Payment may not be offset by any amount he receives from a future employer.

3. Medical/Dental Insurance. To the extent permitted by the applicable insurance policies, the Company shall continue to provide Reichman with family medical and dental insurance coverage during the period from the Separation Date until May 31, 2000, at Reichman's sole cost and expense. Thereafter, Reichman shall be entitled to apply for and receive continuation of medical insurance coverage at his sole cost and expense through COBRA until November 30, 2001. The current cost for Reichman's family medical and dental insurance coverage for the period from the Separation Date until May 31, 2000 is set forth on the attached Payment Schedule and the costs shall be deducted from the Severance Payment due to Reichman from the Company.

4. Vehicle. The Company shall transfer all of its rights, title and interest in the 1997 Range Rover HSE 4.6 vehicle to Reichman in "AS IS" condition. The Company hereby acknowledges and agrees that Reichman purchased the vehicle from the Company for $26,442.50 in an arm's length transaction.

5. Family Discount Card. Reichman shall be permitted to retain his Family Discount Card ("Card") until the date of the last Severance Payment, at which time Reichman shall immediately return the Card to the Company. Reichman shall only be permitted to use the Card to purchase merchandise for his immediate family.

6. Legal Fees. In the event either party breaches any of such party's obligations under this Severance Agreement, the non-breaching party shall be entitled to recover all reasonable costs incurred by such non-breaching party in enforcing the terms of the Severance Agreement, including reasonable attorneys' fees. The prevailing party shall be entitled to recover its reasonable attorneys' fees and expenses in any litigation that arises out of or relates to this Severance Agreement.

7. Options. Reichman hereby acknowledges and agrees that any and all incentive stock options, non-qualified stock options and/or any other stock options granted

to him during his employment with the Company shall expire and/or terminate as of the date of this Severance Agreement.

8. Continued Assistance. Reichman agrees that he will devote whatever time is necessary after the Separation Date to work with and assist the Company in any litigation, arbitration or other proceeding that is currently pending or threatened involving the Company, which shall include, but not be limited to, testifying at any deposition, hearing, proceeding or trial and meeting with representatives of the Company to discuss the factual history of such matters. The Company agrees to compensate Reichman for all reasonable out of pocket expenses associated with his cooperation pursuant to this paragraph. The Company agrees further to schedule such assistance/cooperation at such times as to minimize inconvenience and/or disruption to Reichman's professional and personal schedule.

9. References. All responses to any inquiries made to the Company regarding Reichman's employment references shall be limited to providing dates of employment, title and salary information. If additional information is requested, the Company may state that the foregoing information is the only information that the Company can provide or words to that effect.

10. Non-disparagement. The Company agrees that its officers and directors will not make any public or private statement that disparages Reichman unless required by law and that it will use its best efforts to have its agents, employees and consultants comply with this provision. Reichman agrees that he will not make any public or private statement which disparages the Company or its officers, directors, employees or consultants unless required by law, and that he will use his best efforts to have his agents and consultants comply with this provision.

11. Confidentiality. The parties hereto agree that the terms and conditions of this Severance Agreement shall be treated as confidential and shall not be disclosed except as necessary to their respective employees, officers, directors and financial, investment and legal advisors, as required by law, or to enforce the terms of this Severance Agreement. Reichman may also disclose the terms and conditions of the Severance Agreement to his immediate family. In the event Reichman and/or the Company disclose the terms and conditions of the Severance Agreement to any of the foregoing persons or entities, they

shall advise such persons and/or entities that the terms and conditions of this Severance Agreement are confidential and that they shall not disclose the information to any other person or entity. Notwithstanding the foregoing, the parties acknowledge and agree (i) that disclosure of this Severance Agreement and/or the material terms thereof will likely be required by the Company in its filings with the Securities and Exchange Commission, and (ii) that the Severance Agreement or the material terms thereof may be disclosed to State Street Bank and Trust Company.

12. Non-Disclosure.

(a) Reichman agrees that he will not disclose to any person or entity, either orally or in written form, except as required by law, any confidential information relating to the Company or any of its subsidiaries and affiliates, the directors of the Company or its subsidiaries and affiliates, any client of the Company or any of its subsidiaries and affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data, know-how, market studies and forecasts, competitive analyses, pricing policies, employee lists, personnel policies, the substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, customer lists and any other documents, including copies of such information in electronic form, embodying such confidential information.

(b) The non-disclosure obligation set forth above shall not apply to any information (i) which was in the public domain at the time of disclosure or (ii) which thereafter fell into the public domain without any fault of Reichman and which was not disclosed in violation of any similar non-disclosure obligation by any other person.

(c) Reichman hereby represents that he left with the Company all documents, computer disks, records, reports, writings and other similar documents containing confidential information, including copies thereof then in his possession

or control, except those documents which are his personal copies of documents relating to the terms and conditions of his employment with or resignation from the Company. Reichman further represents that, except as provided herein, he returned to the Company all other assets and/or property belonging to the Company.

13. Non-Competition and Non-Solicitation.

(a) Reichman agrees that during the period commencing on the Separation Date and ending on November 19, 2001, he shall not work for Levi Strauss & Co., and he shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage or assist any person or entity to engage in the Levi's or Dockers outlet business in any location in any geographic area in the United States or Puerto Rico; provided, however, that Reichman may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation.

(b) During the period commencing on the Separation Date and ending on November 19, 2001, Reichman shall not request any suppliers or customers with whom the Company has a business relationship to cancel or terminate any such business relationship with the Company or solicit any employee of the Company to leave the Company's employ. Notwithstanding the foregoing, nothing contained herein shall constitute the Company's approval or acquiescence of any actions taken by Reichman after November 19, 2001 to seek to cause the cancellation or termination of any business relationship between the Company and any third party and the Company reserves the right to assert any claims it may have against Reichman arising out of his conduct.

(c) Except for the limitations and restrictions contained in this Severance Agreement, Reichman and the Company agree that the post-employment restrictions contained in the Employment Agreement, including without limitation the post employment competition restrictions contained in paragraph 9 of the Employment Agreement are hereby waived and released and shall have no further force or effect, such that Reichman shall be entitled to accept future employment.

14. Reichman Release. Reichman hereby voluntarily and irrevocably releases and forever discharges the Company and its subsidiaries (including their successors and assigns) and each of their current and former officers, directors, shareholders, employees, consultants, representatives and agents (hereinafter the "Company Releasees") from all charges, complaints, claims, promises, agreements, obligations, causes of action, damages, and debts (including attorneys' fees and costs actually incurred), known or unknown, which Reichman has, had, or hereinafter may have, directly or indirectly, relating to or arising out of any conduct pertaining to the most recent proxy contest and annual meeting of the Company or relating to or arising out of his employment with or services performed for the Company, from the beginning of the world to the day of the date of this Severance Agreement, including, without limitation, all claims for breach of contract, all claims arising out of or relative to Reichman's employment with the Company and the termination thereof and any claims Reichman may have under the Employment Agreement, all claims for breach of an implied covenant of good faith and fair dealing, intentional or negligent misrepresentation, any acts or omissions by the Company Releasees, and unlawful discrimination under the common law or any statute (including, without limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. ss.2000e, et seq., the Age Discrimination in Employment Act of 1967, 29 U.S.C. ss.621, et seq., the Employee Retirement Income Security Act, 29 U.S.C. ss.1001, et seq, and the Americans with Disabilities Act of 1990, 42 U.S.C. ss.12101, et seq.) Notwithstanding the foregoing, this Release shall not release or limit Reichman's rights to indemnification under the terms of the By-Laws of the Company and under the Indemnification Agreement between Reichman and the Company dated as of December 10, 1998, as in effect on the date hereof, or to enforce this Severance Agreement or bring claims for breach thereof.

15. Company Release. The Company, on behalf of itself and its officers, directors, agents, representatives, subsidiaries, consultants and shareholders (hereinafter the "Company Releasors") hereby voluntarily and irrevocably releases and forever discharges Reichman and his heirs and survivors from any and all charges, complaints, claims, promises, agreements, obligations, causes of action, damages and debts, (including attorneys' fees and costs actually incurred), known or unknown, that the Company Releasors, individually or jointly, have, had or hereinafter may have, directly or indirectly,

relating to or arising out of any conduct pertaining to the most recent proxy contest and annual meeting of the Company or relating to or arising out of Reichman's employment with or services performed for the Company from the beginning of the world to the day of the date of this Severance Agreement, including, without limitation, all claims for breach of contract, all claims for breach of an implied covenant of good faith and fair dealing, intentional or negligent misrepresentation, mismanagement, nondisclosure, or any acts or omissions by Reichman during the course of his employment or any claims the Company may have under the Employment Agreement. Notwithstanding the foregoing, this release shall not limit the Company's rights to enforce this Severance Agreement or to bring any claims for breach thereof.

16. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Severance Agreement or the breach thereof shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts, in accordance with the rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 16 shall be specifically enforceable. Notwithstanding the foregoing, this Section 16 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided, however, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 16.

17. Trust Agreement. Reichman hereby relinquishes any and all rights, title and interest that he had, has or may have in, arising out of or relating to the Trust Agreement ("Trust Agreement") made as of May 12, 1999 by and between the Company and State Street Bank and Trust Company ("State Street") or the assets held thereunder. Reichman agrees and consents to the termination of the Trust Agreement and the return of all trust assets by State Street to the Company and shall execute any and all documents necessary to accomplish the termination and return of trust assets. If Reichman fails to execute the foregoing documents within forty eight (48) hours after receipt of a written request from the Company, the Company can suspend the payment of the Severance Payments until

Reichman executes said documents. Notwithstanding the foregoing, this shall not release or limit Reichman's rights to indemnification under the terms of the By-Laws of the Company and under the Indemnification Agreement between Reichman and the Company dated as of December 10, 1998, as in effect on the date hereof.

18. Nature of Agreement. Reichman and the Company acknowledge and agree that this Severance Agreement is a severance and settlement agreement and shall not constitute an admission of liability and wrongdoing on the part of either party.

19. Notices. All notices, requests, demands, and other communications provided for by this Severance Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to the other party at the address first above written, or at such other address as to which the party gives notice, with a copy to:

For the Company: Designs, Inc.
66 B Street
Needham, MA 02494
Attn: Corporate Counsel

and

Peter Smith, Esq.
Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, NY 10022-39903

For Reichman: Karen E. Schneck
Hale and Dorr LLP
60 State Street
Boston, MA 02109

Copies of all Notices must be delivered or sent in the same manner that they are sent or delivered to the parties hereto.

20. Entire Agreement. This Severance Agreement is the entire agreement between the parties relating to the subject matter hereof. The Employment Agreement shall terminate effective upon the signing of this Severance Agreement, at which time it shall become null and void.

21. Voluntary Assent. Reichman and the Company affirm that no other promises or agreements of any kind have been made to or with them by any person or entity whatsoever to cause them to sign the Severance Agreement, and that they fully understand the meaning and intent of this Severance Agreement. Reichman and the Company state and represent that they have had an opportunity to fully discuss and review the terms of this Severance Agreement with an attorney, that they have read this Severance Agreement carefully and understand the contents hereof, that they freely and voluntarily assent to all of the terms and conditions hereof and that they sign their name of their own free act.

22. Binding Effect. This Severance Agreement shall inure to the benefit of and be binding upon the Company and Reichman, their respective successors, executors, administrators, heirs and permitted assigns.

23. Amendment. This Severance Agreement may be amended or modified only by a written instrument signed by Reichman and a duly authorized representative of the Company.

24. Severability. In case any provisions of this Severance Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Severance Agreement shall not in any way be affected or impaired thereby.

25. Future Cooperation. At any time after execution and exchange of this Severance Agreement and from time to time, Reichman and the Company, upon written request from either party to the other, shall execute and deliver such further documents or instruments as may be reasonably necessary to more fully effectuate the intention of the parties hereto but limited to such amplification, definition or effectuation strictly consistent with the terms and provisions hereof.

26. Applicable Law. This Severance Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

27. Opportunity to Consider; Revoke. Reichman acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Severance Agreement and has been advised to consult with the attorneys of his choice prior to executing this Severance Agreement. Reichman acknowledges that he has had an

adequate opportunity to review this Severance Agreement before its execution. The parties understand and acknowledge that Reichman will have a period of seven (7) calendar days following his execution of this Severance Agreement in which to revoke his consent to this Severance Agreement. Such revocation must be in writing and shall be transmitted to the Company such that it is actually received prior to the expiration of the seven-day revocation period.

28. Counterparts. This Severance Agreement may be executed in two (2) signature counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument.

Executed as a sealed instrument this 15 day of January, 2000.

DESIGNS, INC.

By:/s/ John J. Schultz
Its: Chief Executive Officer
Hereunto duly authorized

/s/ Joel H. Reichman
Joel H. Reichman

By:Jeffrey M. Unger
Its: Vice President of Corporate Development
Hereunto duly authorized

Joel Reichman Severance Payment Schedule

		Payment	Insurance Deduction	BI-Weekly Payment
7-Jan	2000	$11,195.10	$0.00	$11,195.10
7-Jan	2000	$25,000.00	$ 266.37	$ 24,733.63
21-Jan	2000	$11,195.10	$ 266.37	$ 10,928.73
4-Feb	2000	$11,195.05	$ 474.79	$ 10,720.26
18-Feb	2000	$11,195.05	$ 450.00	$ 10,745.05
3-Mar	2000	$11,195.05	$ 474.79	$ 10,720.26
17-Mar	2000	$11,195.05	$ 450.00	$ 10,745.05
31-Mar	2000	$11,195.05	$ 266.37	$ 10,928.68
14-Apr	2000	$11,195.05	$ 474.90	$ 10,720.15
28-Apr	2000	$11,195.05	$ 450.00	$ 10,745.05
12-May	2000	$11,195.05	$ 474.90	$ 10,720.15
26-May	2000	$11,195.05	$ 450.00	$ 10,745.05
9-Jun	2000	$11,195.05	$ 266.37	$ 10,928.68
23-Jun	2000	$11,195.05		$ 11,195.05
7-Jul	2000	$11,195.05		$ 11,195.05
21-Jul	2000	$11,195.05		$ 11,195.05
4-Aug	2000	$11,195.05		$ 11,195.05
18-Aug	2000	$11,195.05		$ 11,195.05
1-Sep	2000	$11,195.05		$ 11,195.05
15-Sep	2000	$11,195.05		$ 11,195.05
29-Sep	2000	$11,195.05		$ 11,195.05
13-Oct	2000	$11,195.05		$ 11,195.05
27-Oct	2000	$11,195.05		$ 11,195.05
10-Nov	2000	$11,195.05		$ 11,195.05
24-Nov	2000	$11,195.05		$ 11,195.05
8-Dec	2000	$11,195.05		$ 11,195.05
22-Dec	2000	$11,195.05		$ 11,195.05
5-Jan	2001	$11,195.05		$ 11,195.05
19-Jan	2001	$11,195.05		$ 11,195.05
2-Feb	2001	$11,195.05		$ 11,195.05
16-Feb	2001	$11,195.05		$ 11,195.05
2-Mar	2001	$11,195.05		$ 11,195.05
16-Mar	2001	$11,195.05		$ 11,195.05
30-Mar	2001	$11,195.05		$ 11,195.05
13-Apr	2001	$11,195.05		$ 11,195.05
27-Apr	2001	$11,195.05		$ 11,195.05
11-May	2001	$11,195.05		$ 11,195.05
25-May	2001	$11,195.05		$ 11,195.05
8-Jun	2001	$11,195.05		$ 11,195.05
22-Jun	2001	$11,195.05		$ 11,195.05
6-Jul	2001	$11,195.05		$ 11,195.05
20-Jul	2001	$11,195.05		$ 11,195.05
3-Aug	2001	$11,195.05		$ 11,195.05
17-Aug	2001	$11,195.05		$ 11,195.05
31-Aug	2001	$11,195.05		$ 11,195.05
14-Sep	2001	$11,195.05		$ 11,195.05
28-Sep	2001	$11,195.05		$ 11,195.05
12-Oct	2001	$11,195.05		$ 11,195.05

26-Oct	2001	$11,195.05		$ 11,195.05
9-Nov	2001	$11,195.05		$ 11,195.05
23-Nov	2001	$11,195.05		$ 11,195.05
Total		$573,557.50	$ 4,764.86	$ 568,792.64

SEVERANCE AGREEMENT

This Severance Agreement is made and entered into as of this 20th day of January, 2000, by and between Designs, Inc. (the "Company"), a corporation organized and existing under the laws of Delaware with a principal place of business at 66 B Street, Needham, Massachusetts 02494, and Scott N. Semel ("Semel"), an individual residing at 54 Knob Hill Street, Sharon, Massachusetts 02067.

WHEREAS, the Company and Semel are parties to an Employment Agreement dated as of October 16, 1995 (the "Employment Agreement") whereby Semel was employed as Senior Vice President, General Counsel and Secretary of the Company, which agreement expires October 15, 2000; and

WHEREAS, the Company and Semel agree to terminate the Employment Agreement on the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the promises and conditions set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Resignation. In consideration of the terms and conditions of this Severance Agreement, Semel hereby tenders his resignation to the Company effective January 20, 2000 (the "Resignation Date"), and the Company accepts his resignation to be effective on the Resignation Date. From and after the Resignation Date, Semel shall no longer be an employee of the Company and shall have no further duties or responsibilities on behalf of the Company, except as provided herein.

2. Severance Payments. The Company shall pay Semel the aggregate sum of Five Hundred Thirty Thousand Seven Hundred Seventeen Dollars and Forty Cents ($530,717.40) (the "Severance Payment"), in accordance with the attached Payment Schedule. Payments shall be made by direct deposit into Semel's account into which direct deposits are currently being made by the Company or into such other account as Semel may direct in writing, and the Company shall send or cause to be sent to Semel written confirmation of each such

deposit. Semel shall be responsible for payment of any and all of his local, state and federal income taxes related to the Severance Payment. Semel will receive a Form 1099 from the Company at the end of each calendar year.

3. Security. Within five business days after the Resignation Date, as a condition to the effectiveness of this Severance Agreement, the Company shall obtain and shall provide to Semel an irrevocable letter of credit, in a form reasonable satisfactory to Semel in the aggregate amount of Five Hundred Thirty Thousand Seven Hundred Seventeen Dollars and Forty Cents ($530,717.40), which shall secure the outstanding balance remaining from time to time of the Severance Payment obligation set forth in paragraphs 2 and 10 hereof. The amount of the letter of credit may be reduced from time to time by an amount not to exceed the amount, as of the date of said reduction, of the severance payments theretofore made to Semel pursuant to paragraph 2 hereof and the deductions/setoffs theretofore made pursuant to paragraphs 4 and 5 hereof, as reflected on the attached Payment Schedule. Nothing contained in this paragraph shall be construed to limit the Company's indemnification obligations to Semel pursuant the Company's By-laws ("By-Laws") and the Indemnification Agreement dated as of December 10, 1998 ("Indemnification Agreement") between Semel and the Company.

4. Medical/Dental Insurance. The Company shall continue to provide Semel with family medical and dental insurance coverage, on the same terms and conditions that it provides such coverage to its employees, through July 15, 2000. Thereafter, Semel shall be entitled to apply for and receive continuation of medical insurance coverage at his sole cost and expense through COBRA until January 15, 2002, at the Company's COBRA rate. Semel's costs for the family medical and dental insurance coverage for the period from the Resignation Date until July 15, 2000 are set forth on the attached Payment Schedule and the costs shall be deducted from the Severance Payments due to Semel from the Company.

5. Car. Semel shall purchase from the Company in "AS IS" condition, and the Company shall sell to Semel and transfer title thereof to Semel as of the Resignation Date, the black Audi automobile (vehicle identification #WAUBG84DOVN000944) which the Company has provided for his use during his employment at the Company, at a price of $26,935.51. Semel shall pay the purchase price in three (3) installments, as provided in the

attached Payment Schedule, by setting off said amounts against the amounts due from the Company to Semel as Severance Payments.

6. Benefits and Perquisites. The Company further agrees that:

(a) The Company shall reimburse Semel for all business and automobile repair and gasoline expenses reasonably incurred by him through the Resignation Date in connection with his work as an employee of the Company, including without limitation all travel expenses, in accordance with the Company's policies applicable to its senior executives and upon submission of appropriate documentation thereof.

(b) The Company shall maintain a voicemail address for Semel at the Company until April 1, 2000.

(c) Until April 1, 2000, the Company shall maintain an e-mail address for Semel at the Company and shall, at least daily (on business days), forward all e-mail messages addressed to Semel at the Company's provided address to his e-mail address outside the Company, which address Semel shall provide to the Company in writing.

7. Legal Fees. In the event either party breaches any of such party's obligations under this Severance Agreement, the non-breaching party shall be entitled to recover all reasonable costs incurred by such non-breaching party in enforcing the terms of this Severance Agreement, including reasonable attorneys' fees. The prevailing party shall be entitled to recover its reasonable attorneys' fees and expenses in any litigation for enforcement of this Severance Agreement.

8. Family Discount Card. Semel shall be permitted to retain his Family Discount Card ("Card") until the date of the last Severance Payment, at which time Semel shall immediately return the Card to the Company. Semel shall only be permitted to use the Card to purchase merchandise for his immediate family.

9. Options. Semel hereby acknowledges and agrees that any and all incentive stock options, non-qualified stock options and/or any other stock options granted to him while an employee of the Company, (including but not limited to the Thirteen Thousand Three Hundred Thirty-Five (13,335) incentive stock options granted to him on April 1, 1996 pursuant to the 1992 Stock Incentive Plan and the Twenty-Six Thousand Six Hundred Sixty-Five (26,665) non-qualified stock options granted to him on April 1, 1996) shall expire and/or terminate on the Resignation Date.

10. Acceleration. The Severance Payment shall be accelerated and the entire balance shall become immediately due and payable upon written Notice from Semel to the Company upon the occurrence of any of the following events of default:

(a) The Company defaults in its obligation to make payment when due of any of the installments of the Severance Payment as provided in paragraph 2 hereof, and fails to cure said payment default within five (5) business days after receipt of Notice thereof; or

(b) The Company declares itself bankrupt or insolvent under any federal or state bankruptcy or insolvency law, or an involuntary petition in bankruptcy is filed against the Company and is not withdrawn or dismissed within thirty (30) days of filing thereof.

11. Continued Cooperation. Semel agrees that, from the Resignation Date through the later of November 8, 2001 or the final resolution of the litigation pending between the Company and Atlantic Harbor, Inc. f/k/a Boston Trading. Ltd., Inc., Arnold W. Kline and Jack Stahl, he will assist the Company in any litigation, arbitration or other proceeding that is currently pending involving the Company, which assistance may include, but is not limited to, testifying at any deposition, hearing, proceeding or trial and meeting with representatives of the Company to discuss the factual history of such matters. Semel agrees to devote up to thirty-six (36) days in any twelve (12) month period to consulting with the Company as provided above. Such assistance shall be at times and places reasonably convenient to Semel and shall not be scheduled to unreasonably interfere with the performance of Semel's personal or employment commitments. The parties agree that in the event Semel devotes more than thirty six (36) days in any twelve (12) month period to consulting with the Company as provided above, the Company will pay Semel a reasonable consulting fee for any additional time. The Company acknowledges and agrees that it shall indemnify and hold Semel harmless from any claims arising out of his providing these ongoing services to the Company. If, in the reasonable opinion of the Company's outside counsel, Semel needs personal legal counsel in connection with the performance of his responsibilities hereunder, the Company's outside legal counsel shall represent Semel and the Company shall pay all costs of such representation. If the Company's outside legal counsel determines that they cannot represent Semel, the Company at its

sole expense, shall retain other legal counsel of its choice to represent Semel. Whether the representation is by the Company's outside legal counsel or other legal counsel retained by the Company to represent Semel, such representation shall be at the Company's sole expense. Nothing contained in this paragraph shall be construed as providing the Company with any rights to determine the form or substance of any testimony given by Semel in litigation, arbitration or other proceedings, it being understood that Semel is required to and shall at all times testify to the best of his knowledge and belief.

12. References. All inquiries made to the Company or to any agent or consultant for the Company regarding employment references for Semel shall be directed to the Vice President of Human Resources of the Company, and only the Vice President of Human Resources shall respond thereto. The response to any inquiry regarding Semel's employment, absent prior written approval from Semel, shall be limited to a statement that Company policy limits the information that the Company can provide to providing dates of employment, title and salary information or words to that effect, and solely providing that information.

13. Non-disparagement. Except as required by law, the Company agrees that it will not, directly or through its officers and directors, make any public or private statement that disparages Semel and that it will use its best efforts to have its agents, employees and consultants comply with this provision. The Company will not encourage or direct its employees, agents or consultants to make any statements that disparage Semel. Except as required by law, Semel agrees that he will not make any public or private statement which disparages the Company, its past and present officers, directors, or known employees or consultants of the Company and that he will use his best efforts to have his agents comply with this provision. The parties agree that the best efforts requirement set forth above shall be satisfied if they send their respective employees, agents and consultants a memorandum stating that they should not make any public or private statement that disparages the other party. Nothing contained in this paragraph shall be construed as imposing liability on any party for testimony given by any person under oath to the best of his/her knowledge and belief in any trial, arbitration or administrative proceeding.

14. Public Announcement. Unless otherwise agreed by both parties in writing, any press release, public statement or other filing or disclosure by either party hereto regarding

Semel's resignation shall be limited to a statement that Semel has resigned to pursue other interests.

15. Confidentiality. The parties hereto agree that the terms and conditions of this Severance Agreement shall be treated as confidential and shall not be disclosed except as necessary to their respective employees, officers, directors, and/or tax, personal, financial, investment and legal advisors , as required by law, or to enforce the terms of this Severance Agreement. Notwithstanding the foregoing, the parties hereto acknowledge and agree (i) that the disclosure of this Severance Agreement and/or the material terms thereof will likely be required by the Company in its filings with the Securities and Exchange Commission and (ii) that the Severance Agreement and/or material terms thereof may be disclosed to State Street Bank and Trust Company.

16. Non-Disclosure.

(a) Semel agrees that he will not disclose to any person or entity, either orally or in written form, except as required by law, any confidential information relating to the Company or any of its subsidiaries and affiliates, the directors of the Company or its subsidiaries and affiliates, any client of the Company or any of its subsidiaries and affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data, know-how, market studies and forecasts, competitive analyses, pricing policies, employee lists, personnel policies, the substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, customer lists and any other documents, including copies of such information in electronic form, embodying such confidential information.

(b) The non-disclosure obligation set forth above shall not apply to any information which was in the public domain at the time of disclosure or which thereafter fell into the public domain without any fault of Semel and which was not

disclosed, to Semel's knowledge, in violation of any similar non-disclosure obligation by any other person.

17. Return of Company Property. Within five business days after the Resignation Date, Semel shall leave with the Company all documents, records, reports, writings and other similar documents containing confidential information, including copies thereof then in Semel's possession or control, except those documents which are Semel's personal copies of documents relating to the terms and conditions of his employment with or resignation from the Company. Except as otherwise provided in this Agreement, Semel will return to the Company, on or before the Resignation Date, all other assets and/or property belonging to the Company.

18. Non-Competition and Non-Solicitation.

(a) Semel agrees that during the period commencing on the Resignation Date and ending on November 8, 2001, he shall not work for Levi Strauss & Co., and he shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage or assist any person or entity to engage in the Levi's or Dockers outlet business in any location in any geographic area in the United States or Puerto Rico; provided, however, that Semel may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation; and, provided further that the noncompetition obligations set forth above shall not apply if, at the time of the allegedly competitive activity, the Company is no longer in the competing business.

(b) During the period commencing on the Resignation Date and ending on November 8, 2001, Semel shall not request any suppliers or customers with whom the Company has a business relationship to cancel or terminate any such business relationship with the Company or solicit any employee of the Company to leave the Company's employ. Notwithstanding the foregoing, nothing contained herein shall be construed as acquiescence by the Company of any action by Semel after October 26, 2001 to seek to cause the cancellation or termination of any business relationship between the Company and any third party. .

19. Semel Release. Semel hereby voluntarily and irrevocably releases and forever discharges the Company and its subsidiaries (including their successors and assigns) and each of their current and former officers, directors, shareholders, employees, consultants, representatives and agents from all charges, complaints, claims, promises, agreements, obligations, causes of action, damages, and debts (including attorneys' fees and costs actually incurred), known or unknown, which Semel has, had, or hereinafter may have, from the beginning of the world to the day of the date of this Severance Agreement, including, without limitation, all claims related to or arising out of any conduct pertaining to any proxy contest, consent solicitation or annual meeting of the Company, all claims for breach of contract, all claims arising out of or relative to Semel's employment with the Company and the termination thereof and any claims Semel may have under the Employment Agreement, all claims for breach of an implied covenant of good faith and fair dealing, intentional or negligent misrepresentation, any acts or omissions by the Company, and unlawful discrimination under the common law or any statute (including, without limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. ss.2000e, et seq., the Age Discrimination in Employment Act of 1967, 29 U.S.C. ss.621, et seq., the Employee Retirement Income Security Act, 29 U.S.C. ss.1001, et seq, and the Americans with Disabilities Act of 1990, 42 U.S.C. ss.12101, et seq.) Notwithstanding the foregoing, this release shall not release or limit Semel's rights to indemnification under the terms of the By-Laws of the Company and under the Indemnification Agreement between Semel and the Company dated as of December 10, 1998, as in effect on the date hereof, to enforce this Severance Agreement or to bring claims for breach thereof.

20. Company Release. The Company, on behalf of itself and its officers, directors, employees, agents, representatives, subsidiaries, consultants and shareholders (hereinafter the "Company Releasors") hereby voluntarily and irrevocably releases and forever discharges Semel and his heirs and survivors from any and all charges, complaints, claims, promises, agreements, obligations, causes of action, damages and debts, (including attorneys' fees and costs actually incurred), known or unknown, that the Company Releasors, individually or jointly, have, had or hereinafter may have, from the beginning of the world to the day of the date of this Severance Agreement, including, without limitation, all claims related to or arising out of any conduct pertaining to any proxy contest, consent solicitation or annual

meeting of the Company, all claims for breach of contract, all claims for breach of an implied covenant of good faith and fair dealing, intentional or negligent misrepresentation, mismanagement, nondisclosure, or any acts or omissions by Semel during the course of his employment or otherwise. Notwithstanding the foregoing, this release shall not release or limit the Company's right to enforce this Severance Agreement or to bring any claims for breach thereof.

21. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Severance Agreement or the breach thereof shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts, in accordance with the rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 21 shall be specifically enforceable. Notwithstanding the foregoing, this Section 21 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided, however, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 21.

22. Trust Agreement. Semel hereby relinquishes any and all rights, title and interest that he had, has or may have in, arising out of or relating to the Trust Agreement ("Trust Agreement") made as of May 12, 1999 by and between the Company and State Street Bank and Trust Company ("State Street") or the assets held thereunder. Semel agrees and consents to the termination of the Trust Agreement and the return of all trust assets by State Street to the Company and shall execute any and all documents required by State Street to accomplish said termination and return of trust assets, so long as said documents have no affect whatsoever on Semel's rights under this Severance Agreement. If Semel wrongfully fails to execute the foregoing documents within forty eight (48) business hours after receipt of a written request from the Company, the Company may suspend the payments of the Severance Payment until Semel executes such documents. Any suspended payments will be paid to Semel within twenty four (24) business hours after the execution of the documents. Notwithstanding the foregoing, this provision shall not release or limit Semel's rights to

indemnification under the terms of the By-Laws of the Company and/or under the Indemnification Agreement.

23. Nature of Agreement. Semel and the Company acknowledge and agree that this Severance Agreement is a severance and settlement agreement and shall not constitute an admission of liability and wrongdoing on the part of either party.

24. Notices. All notices, requests, demands, and other communications provided for by this Severance Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, or by overnight delivery service, to the other party as follows, or to such other address as to which the party gives notice:

To the Company: Designs, Inc.
66 B Street
Needham, MA 02494
Attn: Corporate Counsel

With a copy to:
Peter Smith, Esq.
Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, NY 10022-39903

To Semel: Mr. Scott N. Semel
54 Knob Hill Street
Sharon, MA 02067

With a copy to:
Marjorie Sommer Cooke, Esq.
Cooke, Clancy & Gruenthal, LLP
150 Federal Street
Boston, MA 02110

Copies of all Notices must be delivered or sent in the same manner that they are sent or delivered to the parties hereto.

25. Entire Agreement. This Severance Agreement is the entire agreement between the parties relating to the subject matter hereof. The Employment Agreement shall terminate effective January 20, 2000, at which time it shall become null and void.

26. Binding Effect. This Severance Agreement shall inure to the benefit of and be binding upon the Company and Semel, their respective successors, executors, administrators, heirs and permitted assigns. The Company represents that the individuals signing this

Severance Agreement on behalf of the Company are authorized to sign this document and bind the Company.

27. Amendment. This Severance Agreement may be amended or modified only by a written instrument signed by Semel and a duly authorized representative of the Company.

28. Severability. In case any provisions of this Severance Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Severance Agreement shall not in any way be affected or impaired thereby.

29. Future Cooperation. At any time after execution and exchange of this Severance Agreement and from time to time, Semel and the Company, upon written request from either party to the other, shall execute and deliver such further documents or instruments as may be reasonably necessary to more fully effectuate the intention of the parties hereto but limited to such amplification, definition or effectuation strictly consistent with the terms and provisions hereof.

30. Applicable Law. This Severance Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

31. Opportunity to Consider; Revoke. Semel acknowledges that he has been afforded an opportunity to take at least twenty-one (21) days to consider this Severance Agreement and has been advised to consult with the attorneys of his choice prior to executing this Severance Agreement. Semel acknowledges that he has had an adequate opportunity to review this Severance Agreement before its execution. The parties understand and acknowledge that Semel will have a period of seven (7) calendar days following his execution of this Severance Agreement in which to revoke his consent to the Severance Agreement. Such revocation must be in writing and shall be transmitted to the Company such that it is actually received prior to the expiration of the seven-day revocation period.

32. Counterparts. This Severance Agreement may be executed in two (2) signature counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument.

Executed as a sealed instrument this 13 day of January, 2000

DESIGNS, INC.

By:/s/ John J. Schultz
Its: Chief Executive Officer
Hereunto duly authorized

/s/ Scott N. Semel
Scott N. Semel

By:./s/ Jeffrey M. Unger
Its: Vice President of Corporate Development
Hereunto duly authorized

(400)

Irrevocable Standby Letter of Credit Date: January 20, 2000

BENEFICIARY (98) DELIVERY BY COURIER SERVICES

Scott N. Semel
54 Knobhill Street
Sharon, Ma 02067

Credit Number:
(330) (58)S-069 STBY-50088032
Opener's Reference No.
SCOTT N. SEMEL

Dear Sir or Madam:

BY ORDER OF:

DESIGNS, INC.
ATTN: KENNETH ROGERS
66 B STREET
NEEDHAM, MA 02494

We hereby open in your favor our (68) Irrevocable Standby Letter of Credit for the account of DESIGNS, INC. for a sum or sums not exceeding a total of US DOLLARS 530,717.40 (FIVE HUNDRED THIRTY THOUSAND SEVEN HUNDRED SEVENTEEN AND 40/100 US DOLLARS) available by your draft(s) at SIGHT on OURSELVES effective January 19, 2000 and expiring at OUR COUNTERS on January 31, 2002.

The draft(s) must be accompanied by your signed statement reading as any of the three following paragraphs:

"The amount of this draft represents the funds due me as a result of the acceleration of payments aggregating US $_____ as provided for by the terms of a Severance Agreement dated 1/20/00 between me and Designs, Inc. by reason of Designs, Inc.'s failure to pay me US$_____ which payment was due on _____ under the Severance Agreement the conditions of which payment have been fully satisfied, and as to which a notice of default was delivered to Designs, Inc. and remains uncured after a lapse of at least 5 days after receipt of notice thereof."

"The amount of this draft represents the funds due me as a result of the acceleration of payments aggregating US $_____ as provided for by the terms of a Severance Agreement dated 1/20/00 between me and Designs, Inc. by reason of the filing against Designs, Inc. of an involuntary petition in bankruptcy which is not withdrawn or dismissed with 30 days of filing."

Special Conditions:

It is a condition of this Letter of Credit that the maximum sum payable under this Letter of Credit shall be reduced by the amount of US$11,340.12 on every other Thursday starting with

February 17, 2000, and continuing through November 8, 2001, and by the amount of US$9,071.88 on November 22, 2001, without amendment, so as to leave no balance as of January 1, 2002. Notwithstanding the foregoing, in the event the Beneficiary presents any draft to the drawee bank pursuant to the preceding paragraph, from and after the date of presentment, no further reductions shall be made in the maximum sum payable under the Letter of Credit.

Each draft must bear upon its face the clause "Drawn under Letter of Credit No. 50088032 of BankBoston N.A., Boston, MA."

Except so far as otherwise expressly stated herein, this letter of credit is subject to the "Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500."

We hereby agree that drafts drawn under and in compliance with the terms of this letter of credit will be duly honored if presented to the above-mentioned drawee bank on or before January 31, 2002, or any extended date as set forth herein.

(240) kindly address all correspondence regarding this letter of credit to the attention of our Letter of Credit Operations, P.O. Box 1763, BOSTON, MA 02105, attention Navin Bhojani, mentioning our reference number as it appears above. Telephone inquiries can be made to Navin Bhojani at 617-434-3062

Very truly yours,

(291)

/s/ KENNETH F. ROGERS, JR.

Authorized Official

Scott Semel Severance Payment Schedule

		Payment	Health Ins Deduct	Auto Payment	BI-Weekly Payment
4-Feb	2000	$ 11,340.12	$ 124.20		$ 11,215.92
18-Feb	2000	$ 11,340.12	$ 219.15		$ 11,120.97
3-Mar	2000	$ 11,340.12	$ 219.15		$ 11,120.97
17-Mar	2000	$ 11,340.12	$ 219.15		$ 11,120.97
31-Mar	2000	$ 11,340.12	$ 219.15		$ 11,120.97
14-Apr	2000	$ 11,340.12			$ 11,340.12
28-Apr	2000	$ 11,340.12	$ 219.15		$ 11,120.97
12-May	2000	$ 11,340.12	$ 219.15		$ 11,120.97
26-May	2000	$ 11,340.12	$ 219.15		$ 11,120.97
9-Jun	2000	$ 11,340.12	$ 219.15		$ 11,120.97
23-Jun	2000	$ 11,340.12	$ 219.15		$ 11,120.97
7-Jul	2000	$ 11,340.12	$ 219.15		$ 11,120.97
21-Jul	2000	$ 11,340.12			$ 11,340.12
4-Aug	2000	$ 11,340.12			$ 11,340.12
18-Aug	2000	$ 11,340.12			$ 11,340.12
1-Sep	2000	$ 11,340.12			$ 11,340.12
15-Sep	2000	$ 11,340.12			$ 11,340.12
29-Sep	2000	$ 11,340.12			$ 11,340.12
13-Oct	2000	$ 11,340.12			$ 11,340.12
27-Oct	2000	$ 11,340.12			$ 11,340.12
10-Nov	2000	$ 11,340.12			$ 11,340.12
24-Nov	2000	$ 11,340.12			$ 11,340.12
8-Dec	2000	$ 11,340.12			$ 11,340.12
22-Dec	2000	$ 11,340.12			$ 11,340.12
5-Jan	2000	$ 11,340.12			$ 11,340.12
19-Jan	2001	$ 11,340.12			$ 11,340.12
2-Feb	2001	$ 11,340.12			$ 11,340.12
16-Feb	2001	$ 11,340.12			$ 11,340.12
2-Mar	2001	$ 11,340.12			$ 11,340.12
16-Mar	2001	$ 11,340.12			$ 11,340.12
30-Mar	2001	$ 11,340.12			$ 11,340.12
13-Apr	2001	$ 11,340.12			$ 11,340.12
27-Apr	2001	$ 11,340.12			$ 11,340.12
11-May	2001	$ 11,340.12			$ 11,340.12
25-May	2001	$ 11,340.12			$ 11,340.12
8-Jun	2001	$ 11,340.12			$ 11,340.12
22-Jun	2001	$ 11,340.12			$ 11,340.12
6-Jul	2001	$ 11,340.12			$ 11,340.12
20-Jul	2001	$ 11,340.12			$ 11,340.12
3-Aug	2001	$ 11,340.12			$ 11,340.12
17-Aug	2001	$ 11,340.12			$ 11,340.12
31-Aug	2001	$ 11,340.12			$ 11,340.12
14-Sep	2001	$ 11,340.12			$ 11,340.12
28-Sep	2001	$ 11,340.12		8,978.50	$ 2,361.62
12-Oct	2001	$ 11,340.12		$ 8,978.50	$ 2,361.62
26-Oct	2001	$ 11,340.12		$ 8,978.51	$ 2,361.61
9-Nov	2001	$ 9,071.88			$ 9,071.88
Total		$530,717.40	$ 2,315.70	$ 26,935.51	$ 501,466.19

Exhibit 10.30

SEVERANCE AGREEMENT

This Severance Agreement is made and entered into as of January 15, 2000, by and between Designs, Inc. (the "Company"), a corporation organized and existing under the laws of Delaware with a principal place of business at 66 B Street, Needham, Massachusetts 02494, and Carolyn Faulkner ("Faulkner"), an individual residing at 252 Main Street, West Newbury, Massachusetts 01985.

WHEREAS, the Company and Faulkner are parties to an Employment Agreement dated as of May 9, 1997 (the "Employment Agreement") whereby Faulkner was employed as Vice President and Chief Financial Officer of the Company, which agreement expires May 8, 2000; and

WHEREAS, the Company and Faulkner agree to terminate the Employment Agreement on the terms and conditions hereinafter set forth and establish the terms of Faulkner's severance arrangement.

NOW THEREFORE, in consideration of the promises and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Resignation. In consideration of the terms and conditions of this Severance Agreement, Faulkner hereby tenders her resignation to the Company effective as of January 15, 2000 (the "Resignation Date"), and the Company accepts her resignation to be effective on the Resignation Date. From and after the Resignation Date, Faulkner shall no longer be an employee of the Company and shall have no further duties or responsibilities on behalf of the Company except as provided herein.

2. Severance Payments. The Company shall pay Faulkner the aggregate sum of Four Hundred Twenty Thousand Dollars and No Cents ($420,000.00) (the "Severance Payment"), in accordance with the attached Payment Schedule. Payments shall be made by direct deposit to Faulkner's account and are deemed paid on the date the deposits are

made. Faulkner shall be liable for, and shall pay in full when due, any and all local, state and federal income taxes related to the Severance Payment. Faulkner will receive a Form 1099 from the Company at the end of each calendar year.

3. Medical/Dental Insurance. To the extent participation is permitted by the terms of the applicable insurance policies and plans, the Company shall continue to provide Faulkner with family medical and dental insurance coverage through July 31, 2000, on the same terms and conditions that it provides such coverage to its employees. Thereafter, Faulkner shall be entitled to apply for and receive continuation of medical insurance coverage at her sole cost and expense until January 31, 2002, consistent with and subject to the provisions of COBRA. While under COBRA an employee who terminates employment generally is eligible to elect to continue his or her health coverage for up to 18 months from either the employment termination date or, as here, the date of loss of coverage if later, Faulkner and the Company acknowledge that there are exceptions under COBRA to this general rule. Faulkner's current costs for the family medical and dental insurance coverage for the period from January 15, 2000 until July 31, 2000 is set forth on the attached Payment Schedule and the costs shall be deducted from the Severance Payment due to Faulkner from the Company. In the event Faulkner is employed by any person or entity after the Resignation Date, she shall obtain family medical and dental insurance coverage through her new employer as soon as possible under the terms of the applicable plans and the Company shall be released from its obligations under this section to provide any such coverage, including coverage pursuant to COBRA. Faulkner shall notify the Company of the commencement of such new coverage within 10 days of the commencement date.

4. Vehicle. Faulkner may retain possession of the 1997 BMW 528 vehicle currently leased by the Company and used by Faulkner for the remainder of the original lease term, which expires in July 2000. The Company shall continue to pay the lease payments and insurance costs on the vehicle until the expiration of the original lease term. However, after the Resignation Date, Faulkner shall be responsible for, at her sole cost and expense, all operating, repair and maintenance costs and any other costs related to the use and operation of the vehicle. Upon expiration of the lease, Faulkner shall have the option of purchasing the vehicle pursuant to the terms of the lease, if permitted under the lease,

and shall pay all costs related to the purchase. In the event Faulkner does not purchase the vehicle upon expiration of the lease, she shall immediately return the vehicle to the lessor in good repair and condition, normal wear and tear excepted. Any and all security deposits shall remain the property of the Company and shall be returned to the Company upon expiration of the lease. With the exception of the monthly lease payments, upon expiration of the vehicle lease, Faulkner shall pay any and all costs due to the lessor.

5. Benefits and Perquisites. The Company shall reimburse Faulkner for all business and automobile repair and gasoline expenses reasonably incurred by her through the Resignation Date in connection with her work as an employee of the Company, including without limitation all travel expenses, in accordance with the Company's policies applicable to its senior executives and upon submission of appropriate documentation thereof.

6. Legal Fees. In the event either party breaches any such party's obligations under this Severance Agreement, the non-breaching party shall be entitled to recover all reasonable costs incurred by such non-breaching party in enforcing the terms of the Severance Agreement, including reasonable attorneys' fees. The prevailing party shall be entitled to recover its reasonable attorney's fees and expenses in any litigation that arises out of or relates to this Severance Agreement.

7. Options. Faulkner hereby acknowledges and agrees that any and all incentive stock options, non-qualified stock options and/or any other stock options granted to her during her employment at the Company shall expire and/or terminate as of the Resignation Date.

8. Continued Cooperation. Without further consideration, Faulkner agrees that she shall be reasonably available upon request to consult with and assist the Company in the current Internal Revenue Service Audits, which shall include but is not limited to testifying at any deposition, hearing, proceeding or trial and meeting with representatives of the Company and/or Internal Revenue Service to discuss the factual history of such matters, and assist in connection with the transition of other financial matters, provided that Faulkner shall not be required to devote a major portion of her time to such services and such services shall not unreasonably interfere with the performance of other employment or consulting duties Faulkner may have.

9. References. All responses to any inquiries made to the Company or to any agent or consultant for the Company regarding employment references for Faulkner shall be limited to providing dates of employment, title and salary information. If additional information is requested, the Company may state that the foregoing information is the only information that the Company can provide or words to that effect.

10. Non-disparagement. Faulkner agrees that she will not make any public or private statement which criticizes or disparages the Company or its officers, directors, employees or consultants and will use her best efforts to have her agents comply with this provision.

11. Confidentiality. Faulkner agrees that she will treat the terms and conditions of this Severance Agreement as confidential and that she will not disclose said terms and conditions to any person or entity, except to her immediate family, as required by law, to enforce the terms hereof and/or as necessary to her personal financial and legal advisors. In the event Faulkner discloses any of the terms and conditions of this Severance Agreement to any of the foregoing persons or entities, she shall advise them that the terms and conditions of this Severance Agreement are confidential and that they shall not be disclosed to any other person or entity. Faulkner acknowledges and agrees that the disclosure of this Severance Agreement and/or the material terms thereof will likely be required by the Company in its filings with the Securities and Exchange Commission.

12. Non-Disclosure.

(a) Faulkner agrees that she will not disclose to any person or entity, either orally or in written form, except as required by law, any confidential information relating to the Company or any of its subsidiaries and affiliates, the directors of the Company or its subsidiaries and affiliates, any client of the Company or any of its subsidiaries and affiliates, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing. Such confidential information shall include, but shall not be limited to, proprietary technology, trade secrets, patented processes, research and development data, know-how, market studies and forecasts, competitive analyses, pricing policies, employee lists, personnel policies, the

substance of agreements with customers, suppliers and others, marketing or dealership arrangements, servicing and training programs and arrangements, customer lists and any other documents, including copies of such information in electronic form, embodying such confidential information.

(b) The non-disclosure obligation set forth above shall not apply to any information (i) which was in the public domain at the time of disclosure or (ii) which thereafter fell into the public domain without any fault of Faulkner and which was not disclosed in violation of any similar non-disclosure obligation by any other person.

(c) On or before the Resignation Date, Faulkner shall leave with the Company all documents, computer disks, records, reports, writings and other similar documents containing confidential information, including copies thereof then in Faulkner's possession or control, except those documents which are Faulkner's personal copies of documents relating to the terms and conditions of her employment with or resignation from the Company. Faulkner represents that, as of the Resignation Date, she has returned to the Company all other assets and/or property belonging to the Company.

13. Non-Competition and Non-Solicitation.

(a) Faulkner agrees that during the period commencing on the Resignation Date and ending on January 31, 2002, she shall not work for Levi Strauss & Co., and she shall not, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any capacity whatsoever, engage or assist any person or entity to engage in the Levi's or Dockers outlet business in any location in any geographic area in the United States or Puerto Rico; provided, however, that Faulkner may own any securities of any corporation which is engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time one percent (1%) of any class of stock or securities of such corporation.

(b) During the period commencing on the Resignation Date and ending on January 31, 2002, Faulkner shall not request any suppliers or customers with whom the Company has a business relationship to cancel or terminate any such

business relationship with the Company or solicit any employee of the Company to leave the Company's employ. Notwithstanding the foregoing, nothing contained herein shall constitute the Company's approval or acquiescence of any actions taken by Faulkner after January 31, 2002 to seek to cause the cancellation or termination of any business relationship between the Company and any third party and the Company reserves the right to assert claims against Faulkner arising out of her conduct.

14. Faulkner Release. Faulkner hereby voluntarily and irrevocably releases and forever discharges the Company and its subsidiaries (including their successors and assigns) and each of their current and former officers, directors, shareholders, employees, consultants, representatives and agents (hereinafter the "Company Releasees") from any and all charges, complaints, claims, promises, agreements, actions, obligations, causes of action, damages, and debts (including attorneys' fees and costs actually incurred), known or unknown, which Faulkner has, had, or hereinafter may have, directly or indirectly, from the beginning of the world to the day of the date of this Severance Agreement, including, without limitation, all claims related to or arising out of any conduct pertaining to the most recent proxy contest, consent solicitation and/or annual meeting of the Company, all claims related to or arising out of her employment with or services performed for the Company, all claims for breach of contract, all claims arising out of or relative to Faulkner's employment with the Company and the termination thereof and any claims Faulkner may have under the Employment Agreement, all claims for breach of an implied covenant of good faith and fair dealing, all claims for intentional or negligent misrepresentation, all claims relating to any acts or omissions by the Company Releasees, and all claims for unlawful discrimination under the common law or any statute (including, without limitation, Title VII of the Civil Rights Act of 1964, 42 U.S.C. ss.2000e, et seq., the Age Discrimination in Employment Act of 1967, 29 U.S.C.ss.621, et seq., the Employee Retirement Income Security Act, 29 U.S.C.ss.1001, et seq, and the Americans with Disabilities Act of 1990, 42 U.S.C.ss.12101, et seq.) Notwithstanding the foregoing, this release shall not release or limit Faulkner's rights to indemnification under the terms of the By-Laws of the Company and under the Indemnification Agreement between Faulkner and

the Company dated as of December 10, 1998, as in effect on the date hereof, or to enforce this Severance Agreement or bring claims for breach thereof.

15. Company Release. The Company, on behalf of itself and its officers, directors, agents, representatives, subsidiaries, consultants and shareholders (hereinafter the "Company Releasors") hereby voluntarily and irrevocably releases and forever discharges Faulkner and her heirs and survivors from any and all charges, complaints, claims, promises, agreements, obligations, causes of action, damages and debts, (including attorneys' fees and costs actually incurred), known or unknown, that the Company Releasors, individually or jointly, have, had or hereinafter may have, directly or indirectly, from the beginning of the world to the day of the date of this Severance Agreement, including, without limitation, all claims for breach of contract, relating to or arising out of any conduct pertaining to the most recent proxy contest, consent solicitation and/or annual meeting of the Company or relating to or arising out of Faulkner's employment with or services performed for the Company, all claims for breach of an implied covenant of good faith and fair dealing, all claims for intentional or negligent misrepresentation, mismanagement, nondisclosure, or any acts or omissions by Faulkner during the course of her employment or any claims the Company may have under the Employment Agreement. Notwithstanding the foregoing, this release shall not release or limit the Company's rights to enforce this Severance Agreement or to bring any claims for breach thereof.

16. Arbitration of Disputes. Any controversy or claim arising out of or relating to this Severance Agreement or the breach thereof shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of the American Arbitration Association ("AAA") in Boston, Massachusetts, in accordance with the rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 16 shall be specifically enforceable. Notwithstanding the foregoing, this Section 16 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate; provided, however, that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 16.

17. Trust Agreement. Faulkner hereby relinquishes any and all rights, title and interest that she had, has or may have in, arising out of or relating to the Trust Agreement ("Trust Agreement") made as of May 12, 1999 by and between the Company and State Street Bank and Trust Company ("State Street") or the assets held thereunder. Faulkner agrees and consents to the termination of the Trust Agreement and the return of all trust assets by State Street to the Company and shall execute any and all documents necessary to accomplish the termination and return of trust assets. If Faulkner fails to execute the foregoing documents within forty eight (48) hours after receipt of a written request from the Company, the Company can suspend the payments of the Severance Payment until Faulkner executes such documents. Notwithstanding the foregoing, this provision shall not release or limit Faulkner's rights to indemnification under the terms of the By-Laws of the Company and under the Indemnification Agreement between Faulkner and the Company dated as of December 10, 1998, as in effect on the date hereof.

18. Nature of Agreement. Faulkner and the Company acknowledge and agree that this Severance Agreement is a severance and settlement agreement and shall not constitute an admission of liability and wrongdoing on the part of either party.

19. Notices. All notices, requests, demands, and other communications provided for by this Severance Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to the other party at the address first above written, or at such other address as to which the party gives notice, with a copy to:

For the Company: Designs, Inc.
66 B Street
Needham, MA 02494
Attention: Corporate Counsel
and
Peter Smith, Esq.
Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, NY 10022-39903

For Faulkner: Sandra Sue McQuay, Esq.
Sullivan Weinstein & McQuay
Two Park Place
Boston, MA 02116

20. Entire Agreement. This Severance Agreement is the entire agreement between the parties relating to the subject matter hereof. The Employment Agreement shall terminate effective as of January 15, 2000, at which time it shall become null and void.

21. Voluntary Assent. Faulkner and the Company affirm that no other promises or agreements of any kind have been made to or with them by any person or entity whatsoever to cause them to sign the Severance Agreement, and that they fully understand the meaning and intent of this Severance Agreement. Faulkner and the Company state and represent that they have had an opportunity to fully discuss and review the terms of this Severance Agreement with an attorney, that they have read this Severance Agreement carefully and understand the contents hereof, that they freely and voluntarily assent to all of the terms and conditions hereof and that they sign their name of their own free act.

22. Binding Effect. This Severance Agreement shall inure to the benefit of and be binding upon the Company and Faulkner, their respective successors, executors, administrators, heirs and permitted assigns.

23. Amendment. This Severance Agreement may be amended or modified only by a written instrument signed by Faulkner and a duly authorized representative of the Company.

24. Severability. In case any provisions of this Severance Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Severance Agreement shall not in any way be affected or impaired thereby.

25. Future Cooperation. At any time after execution and exchange of this Severance Agreement and from time to time, Faulkner and the Company, upon written request from either party to the other, shall execute and deliver such further documents or instruments as may be reasonably necessary to more fully effectuate the intention of the parties hereto but limited to such amplification, definition or effectuation strictly consistent with the terms and provisions hereof.

26. Applicable Law. This Severance Agreement shall be governed by the laws of the Commonwealth of Massachusetts.

27. Opportunity to Consider; Revoke. Faulkner acknowledges that she has been afforded an opportunity to take at least twenty-one (21) days to consider this Severance Agreement and has been advised to consult with the attorneys of her choice prior to executing this Severance Agreement. Faulkner acknowledges that she has had an adequate opportunity to review this Severance Agreement before its execution. The parties understand and acknowledge that Faulkner will have a period of seven (7) calendar days following her execution of this Severance Agreement in which to revoke her consent to this Severance Agreement. Such revocation must be in writing and shall be transmitted to the Company such that it is actually received prior to the expiration of the seven-day revocation period.

28. Counterparts. This Severance Agreement may be executed in two (2) signature counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same instrument.

Executed as a sealed document as of the date and year first written above.

DESIGNS, INC.

By: /s/ John J. Schultz
Its: Chief Executive Officer
Hereunto duly authorized

By: /s/ Jeffrey M. Unger
Its: Vice President of Corporate Development
Hereunto duly authorized

/s/ Carolyn Faulkner
Carolyn Faulkner

Carolyn Faulkner Severance Payment Schedule

		Payment	Insurance Deduction	BI-Weekly Payment
28-Jan	2000	$ 8,400.00	$ 124.20	$ 8,275.80
4-Feb	2000	$ 8,400.00	$ 90.45	$ 8,309.55
18-Feb	2000	$ 8,400.00	$ 90.45	$ 8,309.55
3-Mar	2000	$ 8,400.00	$ 90.45	$ 8,309.55
17-Mar	2000	$ 8,400.00	$ 90.45	$ 8,309.55
31-Mar	2000	$ 8,400.00		$ 8,400.00
14-Apr	2000	$ 8,400.00	$ 90.45	$ 8,309.55
28-Apr	2000	$ 8,400.00	$ 90.45	$ 8,309.55
12-May	2000	$ 8,400.00	$ 90.45	$ 8,309.55
26-May	2000	$ 8,400.00	$ 90.45	$ 8,309.55
9-Jun	2000	$ 8,400.00	$ 90.45	$ 8,309.55
23-Jun	2000	$ 8,400.00	$ 90.45	$ 8,309.55
7-Jul	2000	$ 8,400.00	$ 90.45	$ 8,309.55
21-Jul	2000	$ 8,400.00	$ 90.45	$ 8,309.55
4-Aug	2000	$ 8,400.00		$ 8,400.00
18-Aug	2000	$ 8,400.00		$ 8,400.00
1-Sep	2000	$ 8,400.00		$ 8,400.00
15-Sep	2000	$ 8,400.00		$ 8,400.00
29-Sep	2000	$ 8,400.00		$ 8,400.00
13-Oct	2000	$ 8,400.00		$ 8,400.00
27-Oct	2000	$ 8,400.00		$ 8,400.00
10-Nov	2000	$ 8,400.00		$ 8,400.00
24-Nov	2000	$ 8,400.00		$ 8,400.00
8-Dec	2000	$ 8,400.00		$ 8,400.00
22-Dec	2000	$ 8,400.00		$ 8,400.00
5-Jan	2001	$ 8,400.00		$ 8,400.00
19-Jan	2001	$ 8,400.00		$ 8,400.00
2-Feb	2001	$ 8,400.00		$ 8,400.00
16-Feb	2001	$ 8,400.00		$ 8,400.00
2-Mar	2001	$ 8,400.00		$ 8,400.00
16-Mar	2001	$ 8,400.00		$ 8,400.00
30-Mar	2001	$ 8,400.00		$ 8,400.00
13-Apr	2001	$ 8,400.00		$ 8,400.00
27-Apr	2001	$ 8,400.00		$ 8,400.00
11-May	2001	$ 8,400.00		$ 8,400.00
25-May	2001	$ 8,400.00		$ 8,400.00
8-Jun	2001	$ 8,400.00		$ 8,400.00
22-Jun	2001	$ 8,400.00		$ 8,400.00
6-Jul	2001	$ 8,400.00		$ 8,400.00
20-Jul	2001	$ 8,400.00		$ 8,400.00
3-Aug	2001	$ 8,400.00		$ 8,400.00
17-Aug	2001	$ 8,400.00		$ 8,400.00
31-Aug	2001	$ 8,400.00		$ 8,400.00
14-Sep	2001	$ 8,400.00		$ 8,400.00
28-Sep	2001	$ 8,400.00		$ 8,400.00
12-Oct	2001	$ 8,400.00		$ 8,400.00
26-Oct	2001	$ 8,400.00		$ 8,400.00

9-Nov	2001	$ 8,400.00		$ 8,400.00
23-Nov	2001	$ 8,400.00		$ 8,400.00
7-Dec	2001	$ 8,400.00		$ 8,400.00
Total		$420,000.00	$ 1,209.60	$ 418,790.40

EX-11
EARNINGS PER SHARE

Exhibit 11. Statement Re: Computation of Per Share Earnings

	Fiscal Years Ending		
	January 29, 2000	January 30, 1999	January 31, 1998
	(In thousands except per share data)		
Basic EPS Computation			
Numerator:			
Net income (loss)	$ (12,493)	$ (18,541)	$ (29,063)
Denominator:			
Weighted average common shares outstanding	16,088	15,810	15,649
Basic EPS	$ (0.78)	$ (1.17)	$ (1.86)
Diluted EPS Computation			
Numerator:			
Net income (loss)	$ (12,493)	$ (18,541)	$ (29,063)
Denominator:			
Weighted average common shares outstanding	16,088	15,810	15,649
Stock Options, excluding anti-dilutive options of 114, 80 and 34 shares for January 29, 2000, January 30, 1999 and January 31, 1998, respectively	--	--	--
Total Shares	16,088	15,810	15,649
Diluted EPS	$ (0.78)	$ (1.17)	$ (1.86)

Exhibit 21

Subsidiaries of the Registrant

Designs Securities Corporation
(a Massachusetts securities corporation)

Designs JV Corp.
(a Delaware corporation)

Designs Acquisition Corp.
(a Delaware corporation)

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements No. 33-22957, 33-32690, 33-32687 and 33-52892 on Form S-8 of our report dated April 11, 2000, appearing in this Annual Report on Form 10-K of Designs, Inc. for the year ended January 29, 2000.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
April 28, 2000

Exhibit 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated March 16, 1999, included in this Form 10-K, into registration statements previously filed by Designs, Inc. on Form S-8 (Reg. Nos. 33-22957, 33-32690, 33-32687 and 33-52892).

Boston, Massachusetts
April 28, 2000

/s/ ARTHUR ANDERSEN LLP

Exhibit 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Reg. Nos. 33-22957, 33-32690, 33-32687 and 33-52892) of Designs, Inc. of our report dated March 17, 1998, except as to the segment information for the year ended January 31, 1998 presented in Note N, for which the date is April 29, 1999 relating to the consolidated financial statements which appear in this Form 10-K.

Boston, Massachusetts
April 25, 2000 /s/ PRICEWATERHOUSECOOPERS, LLP

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1000

12-MOS
JAN-29-2000
JAN-31-1999
JAN-29-2000
0
2,365
83
0
57,022
62,432
43,671
26,934
95,077
42,808
0
0
0
167
52,102
95,077
192,192
192,192
144,752
144,752
56,511
0
1,207
(10,278)
2,215
(12,493)
0
0
0
(12,493)
(0.78)
(0.78)